

# 2023

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2023

Offered by Educators Financial Group  
Portfolio Manager: Fiera Capital 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](http://www.educatorsfinancialgroup.ca) or SEDAR at [www.sedar.com](http://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.

### **Caution Regarding Forward-looking Statements**

This report may contain forward-looking statements about the Fund, including its strategy, risks, 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 forward-looking 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, including international conflicts, 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, including any potential lingering impact of the COVID-19 pandemic on the Fund and/or its operations.

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 unless required by applicable law.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

The Fund's net assets decreased by 7.7% to \$26.9 million at the end of June 2023, down from \$29.1 million at the end of December 2022.

#### Investment Performance

For the year/period ending June 30, 2023 (*the period*), the Educators Money Market Fund – Class A Series provided a return of 2.00% versus the FTSE Canada 91 Day Treasury Bill Index (*the Benchmark*) return of 2.14%.

The Fund underperformed its Benchmark over the period. Unlike the Benchmark, the Fund's return is net of fees and expenses paid by the Fund. Detailed performance is provided under the heading "Past Performance" in this report. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in Benchmark returns.

The Bank of Canada (BoC) has raised interest rates by 50 basis points since the beginning of 2023, with the overnight rate sitting at 4.75% at the end of the six-month period. The central bank was seeking to tame inflation, which did decrease during the period through restrictive monetary policy. The cadence of interest rate hikes slowed as the cumulative rate hikes in 2022 and 2023 led to moderating growth and inflation results in February and March. Additionally, turmoil in the markets in March as failures of some U.S. regional banks and Credit Suisse led to greater volatility.

The tone of the market changed leading up to the June BoC meeting, with the publication of some higher than anticipated economic numbers, particularly the April CPI data. This data led the BoC to increase the overnight rate by 0.25%, citing excess demand, a tight labour market, persistent higher inflation, and stronger-than-expected GDP growth as the factors influencing the decision. The BoC indicated that more interest rate hikes may be necessary going forward. These would increase the yield of money market securities but put pressure on the value of those already in circulation. As a result, in positioning the Fund, we are continuing to target an average term shorter than that of the Benchmark, 91 days, so that so that we can both re-invest our maturing securities (as we continue to expect rates to rise in the second half of 2023), and avoid selling a security with a longer term to maturity where valuations may be less attractive.

The yield of the Benchmark continued to rise during the first half, from 4.36% to 4.92%. The yield of Bankers Acceptances moved from 4.63% to 5.13%. Over the Period, the Fund underperformed its Benchmark primarily due to the rise in interest rates and their negative impact on the value of existing securities. This underperformance was reduced by the Fund's greater weight in corporate securities, as compared to its Benchmark, which provides a higher yield than Government securities. We intend to continue with our strategy of holding high-quality corporate money market

securities and benefitting from their higher yield than government guaranteed securities.

The proportion of government guaranteed securities within the Fund decreased during the period. As of June 30, 2023, the percentage of investments in Government of Canada Treasury Bills and provincially guaranteed money market securities was 10.09%, down from 24.3% at the beginning of the year. The balance was held in corporate paper.

### Recent Developments

Following an additional interest rate hike by the BoC on July 12, and given our expectation that at least one more hike might be necessary to tame inflation, we are continuing to position the Fund with an average term shorter than that of the Benchmark.

The portfolio manager continues to focus on high-quality corporate holdings and on selecting securities with maturities that present the most attractive yields, in order to provide the Fund with a yield in excess of Government of Canada treasury bills. The portfolio manager continues to take advantage of yield-enhancing opportunities as they arise. In this environment, the Fund will continue to hold a significant weight of high-quality commercial paper, bank-sponsored asset-backed commercial paper and banker's acceptances, to complement the Fund's holdings of Government of Canada treasury bills.

### Related Party Transactions

In the first six months of 2023 Educators Financial Group did not refer any conflict of interest matters to the Fund's Independent Review Committee (*the 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.



EDUCATORS MONEY MARKET 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 for the past five years. Currently Class I units of the Fund are not being offered to purchase by retail investors.

**Educators Money Market Fund – Class A Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	\$0.23	\$0.19	\$0.02	\$0.08	\$0.18	\$0.15
Total expenses, including transaction costs [excluding distributions]	(\$0.03)	(\$0.06)	(\$0.02)	(\$0.03)	(\$0.06)	(\$0.06)
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.20</b>	<b>\$0.13</b>	<b>\$--</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	\$0.20	\$0.13	\$--	\$0.05	\$0.12	\$0.09
From dividends	\$--	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.20</b>	<b>\$0.13</b>	<b>\$0.00</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>
<b>Net Assets, end of year/period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Total Net Asset Value (000's) <sup>(4)</sup>	\$18,423	\$18,272	\$21,596	\$24,620	\$18,693	\$15,959
Number of units outstanding <sup>(4)</sup>	1,842,255	1,827,239	2,159,613	2,461,987	1,869,288	1,595,937
Management expense ratio <sup>(5)</sup>	0.63%	0.57%	0.18%	0.31%	0.62%	0.59%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.63%	0.62%	0.58%	0.59%	0.62%	0.62%
Trading expense ratio <sup>(7)</sup>	NA	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



EDUCATORS MONEY MARKET FUND

**Educators Money Market Fund – Class I Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	\$0.23	\$0.21	\$0.02	\$0.08	\$0.21	\$0.17
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--	\$--	\$--	\$--
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.23</b>	<b>\$0.21</b>	<b>\$0.02</b>	<b>\$0.08</b>	<b>\$0.21</b>	<b>\$0.17</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	\$0.23	\$0.21	\$0.02	\$0.08	\$0.18	\$0.15
From dividends	\$--	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.23</b>	<b>\$0.21</b>	<b>\$0.02</b>	<b>\$0.08</b>	<b>\$0.18</b>	<b>\$0.15</b>
<b>Net Assets, end of year/period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Total Net Asset Value (000's) <sup>(4)</sup>	\$8,244	\$8,953	\$6,116	\$5,296	\$4,089	\$1,602
Number of units outstanding <sup>(4)</sup>	824,413	895,293	611,598	529,564	408,916	160,159
Management expense ratio <sup>(5)</sup>	0.01%	0.01%	0.01%	0.01%	--%	--%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.01%	0.01%	0.01%	0.01%	--%	--%
Trading expense ratio <sup>(7)</sup>	NA	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



EDUCATORS MONEY MARKET FUND

**Educators Money Market Fund – Class F Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30	Year ended December 31	
	2023	2022	2021
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	\$0.24	\$0.27	\$0.01
Total expenses, including transaction costs [excluding distributions]	(\$0.02)	(\$0.03)	(\$0.01)
Realized gains (losses) for the period	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.22</b>	<b>\$0.04</b>	<b>\$0.00</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	\$0.18	\$0.24	\$--
From dividends	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.18</b>	<b>\$0.24</b>	<b>\$0.00</b>
<b>Net Assets, end of year/period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30	Year ended December 31	
	2023	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$198	\$1,917	\$70
Number of units outstanding <sup>(4)</sup>	19,813	191,657	7,007
Management expense ratio <sup>(5)</sup>	0.36%	0.34%	0.21%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.36%	0.34%	0.33%
Trading expense ratio <sup>(7)</sup>	NA	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00

<sup>(1)</sup> This information is derived from the Fund's interim financial report and audited annual financial statements. For the financial years 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). 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund.

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

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> 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 manager, 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% for the Class A Series and 0.30% for the Class F Series. The Class I Series is identical in all respect 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 26.9% of the management fees collected from all Series excluding Class I Series, approximately 18.6% of the total management fees collected, 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**

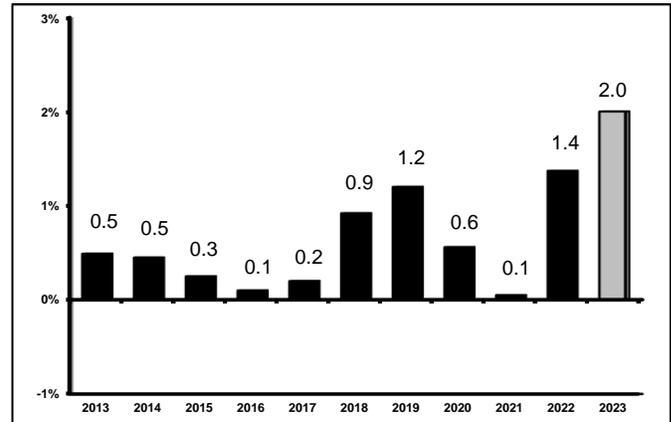
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

The performance information does not take into account sales, redemption, distribution, or other optional charges that would have reduced returns or performance. 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.

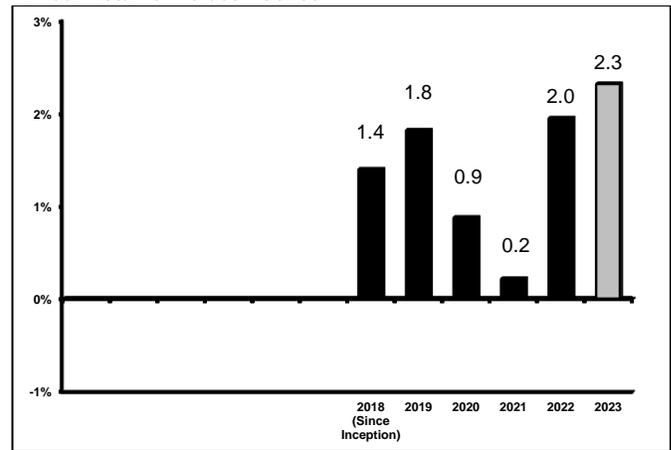
**Year-by-Year Returns**

The bar chart shows the Fund's annual performance for each of the years shown and for the six-month period and illustrates how the Fund's performance has changed from year to year. The bar 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.

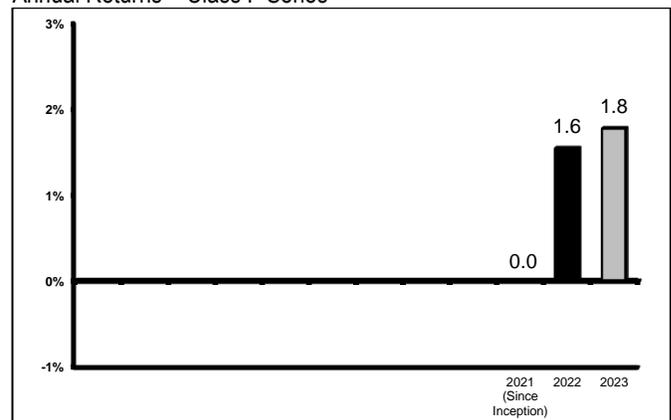
Annual Returns – Class A Series



Annual Returns – Class I Series (1)



Annual Returns – Class F Series (2)



■ % Increase/decrease    □ For the six-month period ended June 30, 2023

(1) The Class I Series commenced operations January 4, 2018

(2) The Class F Series commenced operation May 14, 2021



**SUMMARY OF INVESTMENT PORTFOLIO**

**(Based on Net Asset Value)**

As at June 30, 2023

Sector Mix	Percentage of Net Asset Value
Bankers' Acceptances	67.44 %
Discount Commercial Paper	25.53 %
Treasury Bills	4.81 %
Net Other Assets (Liabilities)	2.18 %
Cash and Cash Equivalents	0.04 %

**Top Holdings**

Security Name	Percentage of Net Asset Value
Bank of Montreal, 4.98%, July 27, 2023	8.99 %
HSBC Bank Canada, 4.95%, July 24, 2023	7.41 %
Canadian Imperial Bank of Commerce, 4.83%, August 24, 2023	6.88 %
Bank of Nova Scotia, 4.74%, July 18, 2023	6.82 %
National Bank of Canada, 4.75%, July 5, 2023	5.61 %
CDP Financial Inc., 5.30%, December 11, 2023	5.09 %
Clarity Trust, 4.95%, July 20, 2023	4.78 %
Central 1 Credit Union, 4.90%, October 3, 2023	4.54 %
Canadian Treasury Bill, 4.78%, August 3, 2023	4.44 %
Toronto-Dominion Bank, 4.92%, July 31, 2023	4.25 %
Suncor Energy Inc., 5.17%, July 25, 2023	3.71 %
Central 1 Credit Union, 5.04%, August 22, 2023	3.69 %
Clarity Trust, 5.42%, December 15, 2023	3.62 %
Toronto-Dominion Bank, 4.76%, July 26, 2023	3.59 %
Royal Bank of Canada, 4.74%, July 26, 2023	3.14 %
Honda Canada Finance Inc., 4.90%, August 8, 2023	2.92 %
Royal Bank of Canada, 5.00%, August 2, 2023	2.78 %
Honda Canada Finance Inc., 4.79%, July 10, 2023	2.77 %
Royal Bank of Canada, 4.83%, Jul 28, 2023	1.84 %
Honda Canada Finance Inc., 4.92%, Oct 18, 2023	1.63 %
Honda Canada Finance Inc., 4.83%, Jul 5, 2023	1.57 %
HSBC Bank Canada, 4.94%, Jul 20, 2023	1.48 %
National Bank of Canada, 4.79%, Aug 16, 2023	1.36 %
Bank of Nova Scotia, 4.90%, Sep 5, 2023	1.10 %
Canadian Imperial Bank of Commerce, 4.71%, Jul 17, 2023	1.07 %
<b>Total Net Assets (000's)</b>	<b>\$26,865</b>

The top 25 holdings represent approximately 95.08% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2023 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

**EDUCATORS FINANCIAL GROUP**

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