

2023

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2023

Offered by Educators Financial Group
Portfolio Manager: Fiera Capital Inc., Toronto, Ontario

Educators Monthly Income 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.

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 increased by 7.6% to \$64.5 million at the end of June 30, up from \$59.9 million at the end of December 2022.

Investment Performance

For the year/period ending June 30, 2023 (*the period*), the Educators Monthly Income Fund – Class A Series provided a return of 5.03%, versus a Benchmark return of 4.78%. The Benchmark comprises 70% S&P/TSX Composite Total Return Index, 27% FTSE Canada Bond Universe Index and 3% FTSE Canada 91 Day Treasury Bill Index (the Benchmark).

The Fund outperformed its blended 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. Canadian equity markets continued to rally at the beginning of the year as sentiment improved, even given continued recession fears. Despite the consistent hawkish tone from North American central banks and the emergence of the U.S. regional banking crisis, the Benchmark showed positive returns across most areas of the market through the first quarter. Volatility increased going into the second quarter, and the rally was somewhat dampened by continuing concerns around a potential recession. With inflation slowing and an uptick in mergers and acquisitions activity, technology companies continued their rise while more defensive areas of the market struggled. The strongest performing sectors were Information Technology and Consumer Discretionary sectors, with Materials and Energy the biggest laggards.

The Canadian bond market finished the first half higher despite interim volatility. After a five month pause, since the beginning of 2023 the Bank of Canada (BoC) raised interest rates by 50 basis points, with the overnight rate sitting at 4.75% by the end of the six-month period. The BoC commented that excess demand looks to be more persistent than anticipated and Canada's economy has proven to be more resilient despite higher borrowing costs. The bond market held in as most traditional forward recession indicators would have envisaged some weakness on the labour front, which did not materialize.

The equity portfolio enhanced Fund performance relative to the Benchmark over the period. The Fund benefited from positive relative contributions in most equity sectors. The greatest contribution came from the Fund's significant underweight exposure to the Energy sector. The overall sector was the only negatively performing sector in the Benchmark and the Fund's lower exposure was beneficial. The Fund's lack of exposure to the Materials sector was also a benefit, as returns in the sector were muted. Additionally, security selection within the Financials sector contributed to both absolute and relative performance as the Fund's holdings

outperformed those of the sector. Notable contributors included holdings of Mastercard Inc., TMX Group and IA Financial. The portfolio performance was negatively impacted by the Information Technology and Utilities sectors. Within the Information Technology sector, positive contributions from the Fund's holdings, particularly in Constellation Software and Accenture, were offset by the negative impact of not holding Shopify Inc., which performed strongly in 2023 after a steep price decline in 2022.

The Fixed Income Portfolio also contributed positively versus the Benchmark during the period due to its overweight position in corporate credit and its underweight position in Federals and Provincials. Securitization holdings, backed by such assets as credit card receivables and auto loans, were the largest contributors despite seeing some issuance in the primary market. Strong credit enhancements and high prepayments for securitization pools continued to outweigh delinquencies, resulting in strong performance. In addition, given the move in the yield curve, sector performance benefitted from its maturities, which are typically shorter than other corporate sectors. Federal bonds underperformed the Benchmark due to the significant increase in rates and lack of risk premium to offset this move. The Fund's underweight was a contributing factor to relative performance.

The Fund's allocation to equities increased slightly during the quarter, the fixed income weight was trimmed slightly, and the allocation to cash and equivalents was unchanged. The Fund's holdings in equities increased from 58.7% to 60.1% and was composed of a 46.3% exposure to Canadian equity and an 13.8% exposure to foreign equity. The fixed income allocation ended the period at 18.5%, down from 19.9%, and continues to include exposure to short-term Canadian fixed income. The Fund ended the period with an allocation of 21.4% in cash and equivalents. The underweight allocation to fixed income enhanced returns through the period, while the overweight allocation to cash and equivalents and to equities detracted.

Recent Developments

Both the Canadian fixed income and equity markets are expecting a shallow downturn, anticipated to begin later in 2023. The expected timing of this outcome has been pushed back compared to prior forecasts. We believe that economic activity will continue to slow through the rest of the 2023, as higher interest rates by BoC, including the 0.25% hike in July, slow consumer spending. Headline inflation has decreased, but we believe that further lowering of core inflation is required to stave off further interest rate hikes. Based on the economic and earnings data which has been released in July, we have maintained our equity positioning and will continue to focus on high quality companies going forward. We will remain duration neutral within the fixed income portfolio, because of the uncertainty of the magnitude of further BoC moves. We remain focused on quality, strong balance sheets, and low leverage in our portfolio positioning, since higher quality issuers typically outperform in more



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challenging economic conditions, which we may see in the latter half of the year.

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.

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.

Educators Monthly Income Fund – Class A Series – Net Assets per Unit⁽¹⁾

	Six-months ended June 30		Year ended December 31			
	2023	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$9.17	\$10.20	\$9.30	\$9.74	\$9.07	\$10.33
Increase (decrease) from operations:						
Total revenue	\$0.16	\$0.27	\$0.27	\$0.29	\$0.33	\$0.31
Total expenses, including transaction costs [excluding	(\$0.06)	(\$0.13)	(\$0.13)	(\$0.13)	(\$0.14)	(\$0.15)
Realized gains (losses) for the period	\$--	\$0.13	\$0.28	(\$0.04)	\$0.62	\$0.44
Unrealized gains (losses) for the period	\$0.35	(\$0.70)	\$1.08	(\$0.04)	\$0.47	(\$1.27)
Total increase (decrease) from operations⁽²⁾	\$0.45	(\$0.43)	\$1.50	\$0.08	\$1.28	(\$0.67)
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.30	\$0.14	\$0.12	\$0.15	\$0.20	\$0.16
From capital gains	\$--	\$0.11	\$--	\$0.02	\$0.39	\$0.45
Return of capital	\$--	\$0.35	\$0.48	\$0.43	\$0.01	\$--
Total Annual Distributions⁽³⁾	\$0.30	\$0.60	\$0.60	\$0.60	\$0.60	\$0.61
Net Assets, end of year/period	\$9.33	\$9.17	\$10.20	\$9.30	\$9.74	\$9.07

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) ⁽⁴⁾	\$60,564	\$57,070	\$59,185	\$53,215	\$59,411	\$59,836
Number of units outstanding ⁽⁴⁾	6,494,324	6,224,925	5,799,608	5,721,925	6,101,290	6,596,034
Management expense ratio ⁽⁵⁾	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%
Trading expense ratio ⁽⁷⁾	0.01%	0.01%	0.01%	0.02%	0.05%	0.07%
Portfolio turnover rate ⁽⁸⁾	11.09%	23.22%	27.14%	46.75%	98.31%	78.88%
Net Asset Value per unit	\$9.33	\$9.17	\$10.20	\$9.30	\$9.74	\$9.07



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Educators Monthly Income Fund – Class F Series – Net Assets per Unit ⁽¹⁾

	Six-months ended June 30	Year ended December 31	
	2023	2022	2021
Net Assets, beginning of year/period	\$9.09	\$10.06	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.16	\$0.27	\$0.10
Total expenses, including transaction costs [excluding distributions]	(\$0.03)	(\$0.07)	(\$0.02)
Realized gains (losses) for the period	\$--	\$0.15	\$0.01
Unrealized gains (losses) for the period	\$0.38	(\$0.56)	\$0.72
Total increase (decrease) from operations ⁽²⁾	\$0.51	(\$0.21)	\$0.81
Distributions:			
From net investment income (excluding dividends)	\$--	\$--	\$--
From dividends	\$0.30	\$0.14	\$0.06
From capital gains	\$--	\$0.11	\$--
Return of capital	\$--	\$0.35	\$0.24
Total Annual Distributions ⁽³⁾	\$0.30	\$0.60	\$0.30
Net Assets, end of year/period	\$9.27	\$9.09	\$10.06

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) ⁽⁴⁾	\$3,932	\$2,862	\$1,756
Number of units outstanding ⁽⁴⁾	432,989	314,875	174,594
Management expense ratio ⁽⁵⁾	0.63%	0.63%	0.62%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.63%	0.63%	0.62%
Trading expense ratio ⁽⁷⁾	0.01%	0.01%	0.01%
Portfolio turnover rate ⁽⁸⁾	11.09%	23.22%	27.14%
Net Asset Value per unit	\$9.27	\$9.09	\$10.06

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

⁽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 rate 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 1.15% for the Class A Series and 0.55% for the Class F Series. The Class I Series is identical on 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 15.2% of the total management fees collected from all Series excluding Class I Series, approximately 15.2% 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

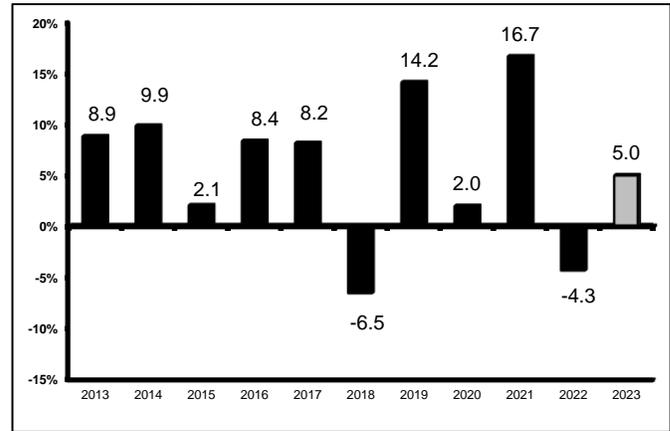
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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.

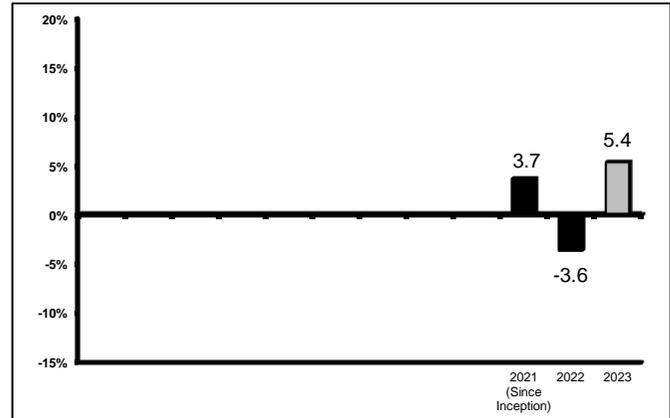
Year-by-Year Returns

The bar chart shows the Fund's 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 F Series ⁽¹⁾



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

⁽¹⁾ The Class F Series commenced operation May 14, 2021

Annual Returns – Class I Series

Currently Class I units of the Fund are not being offered to purchase.



SUMMARY OF INVESTMENT PORTFOLIO

(Based on Net Asset Value)

As at June 30, 2023

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.

Sector Mix	Percentage of Net Asset Value
Financials	23.57 %
Short-term investments	21.02 %
Industrials	10.52 %
Consumer Staples	1.42 %
Corporate Bonds	9.63 %
Information Technology	6.65 %
Canadian Mutual Funds	4.10 %
Communication Services	3.81 %
Government Bonds	3.62 %
Consumer Discretionary	2.92 %
Utilities	1.13 %
Asset-Backed Securities	1.13 %
Energy	0.97 %
Net Other Assets (Liabilities)	0.49 %
Cash and Cash Equivalents	0.02 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Canadian Treasury Bill, 4.63%, July 6, 2023	18.75 %
IMAXX Short Term Bond Fund, Class O	4.10 %
Constellation Software Inc.	2.83 %
National Bank of Canada	2.75 %
Canadian Pacific Kansas City Ltd.	2.68 %
Royal Bank of Canada	2.64 %
Intact Financial Corp.	2.5 %
Metro Inc.	2.53 %
TELUS Corp.	2.45 %
Toronto-Dominion Bank	2.42 %
TMX Group Ltd.	2.37 %
Bank of Montreal	2.37 %
Mastercard Inc.	2.33 %
Thomson Reuters Corp.	2.30 %
Canadian National Railway Co.	2.26 %
Restaurant Brands International Inc.	2.21 %
Costco Wholesale Corp.	1.97 %
Alimentation Couche-Tard Inc.	1.83 %
Sun Life Financial Inc.	1.76 %
PepsiCo Inc.	1.75 %
Toromont Industries Ltd.	1.75 %
iA Financial Corp., Inc.	1.60 %
FactSet Research Systems Inc.	1.52 %
Canadian Government Bond, 1.75%, December 1, 2053	1.47 %
Canadian Treasury Bill, 4.58%, July 20, 2023	1.46 %
Total Net Assets (000's)	\$64,496

The top 25 holdings represent approximately 72.65% of the total net assets of the Fund.

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