

2023

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2023

Offered by Educators Financial Group
Portfolio Adviser: 1832 Asset Management L.P.

Educators Dividend Fund





This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the 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 interim financial report, 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

Investment Objectives and Strategies

The investment objective of the Educators Dividend Fund (*the "Fund"*) is to provide investors with a stable and growing stream of after-tax income with long-term capital growth by investing primarily in securities of Canadian corporations. The Fund may invest in common and preferred shares, index participation units, and American / Global Depository Receipts. To achieve lower volatility through diversification, the Fund also invests in debt securities. Non-Canadian securities are generally limited to no more than 25% of the Fund's net assets. Foreign currency exposure may or may not be hedged. The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders.

Risk

The risks of investing in the Fund remain as discussed in the Simplified Prospectus. No changes affecting the overall level of risk of investing in the Fund were made to the Fund in the one-year period ending December 31, 2023.

Results of Operations

The Fund's net assets increased by 2.6% to \$190.0 million at the end of December 2023, up from \$185.1 million at the end of December 2022.

Investment Performance

For the year/period ending December 31, 2023 (*the period*), the Educators Dividend Fund – Class A Series provided a return of 8.34% versus the S&P/TSX Composite Index (the Benchmark) return of 11.75%.

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.

Markets rallied in 2023 despite continued recessionary fears, hawkish monetary policy, and the first quarter's banking crisis. The period also began and ended with strong performance in fixed income markets. While several vulnerable U.S. regional banks and Swiss banking giant Credit Suisse were caught up in the early year turmoil, well-capitalized developed market banking systems and policymakers' timely interventions prevented issues from spreading. Following these events, Canadian and International markets generally traded sideways in a wide range with mixed sentiment until expectations of central bank rate cuts powered an impressive rally during the final two months of 2023. In comparison, U.S. equities roared past peers amidst resilient earnings and speculative interest in a narrow group of large cap stocks linked to Artificial Intelligence.

Domestically, the Bank of Canada ("BoC") increased its Benchmark overnight interest rate by 0.75%, leaving the overnight rate at 5.00% at year-end, adding to tight financial conditions that muted Canadian economic growth and equity returns. This shifted in late-2023 when equity markets experienced a sustained and rapid rise across almost all sectors as the prospect of a soft-landing and an end to rising rates ignited optimism. All told, the strongest performing domestic equity sectors in 2023 were Information Technology, Health Care, and Financials. Materials, Utilities and Communication Services were the biggest laggards.

From a sector standpoint, the Fund's overweight allocation to the Real Estate and Information Technology sectors and the underweight allocation to Materials contributed to performance.

Stock selection in the Industrials, Financials, and Consumer Discretionary sectors also contributed, as investors favoured businesses with more consistent earnings profiles. The top individual contributors to performance included Microsoft Corp., Costco Corp., and WSP Global Inc. Microsoft gained alongside investor enthusiasm for Artificial Intelligence and its ability to infuse technology into its leading software platform. Costco Corp. gained on consistent business execution and solid financial results. WSP Global Inc. was rewarded for its growth strategy, accretive acquisitions, and results.

Overweight exposure to the Financials sector detracted from performance. The sector was pressured by higher interest rates, financial regulation, and slowing growth. Security selection in the Information Technology sector detracted from performance because of unusual strength in the price of non-dividend paying Shopify Inc.

The top individual detractors from performance included Northland Power Inc., Telus Corp., and Abbott Laboratories. Northland Power Inc. stock weakened on rising project costs and lower investment returns associated with its development program and on negative sentiment around interest-sensitive utility stocks. Telus Corp. came under pressure following concerns about growth and sensitivity to rising interest rates. Despite improving business fundamentals, Abbott Laboratories declined with concerns over the impact of the latest weight loss drugs on the company's diabetic franchise.

The portfolio adviser initiated several new positions, including UnitedHealth Group Inc. and Canadian Natural Resources Ltd. UnitedHealth Group Inc., a leading healthcare services company, is well-positioned to capitalize on its mission-critical service offerings, scale over peers, and ability to generate substantial free cash flow. Canadian Natural Resources Ltd., an effective & efficient energy operator, known for its high-quality oil portfolio, steady operational execution, consistent capital allocation strategy, and above-average dividend growth.



EDUCATORS DIVIDEND FUND

Holdings in Canadian Pacific Kansas City Ltd., Costco Wholesale Corp., TMX Group Ltd., and Waste Connections Inc. were increased, reflecting the portfolio adviser's growing conviction in their investment cases and attractive valuations.

The position in Constellation Brands Inc. was sold due to growing concerns related to the core beer franchise and capital allocation decisions. Allied Properties REIT was sold based on the lack of visibility in the fundamentals for office properties within its core markets. Algonquin Power & Utilities Corp. was sold due to poor capital allocation and the decision to cut its dividend. CCL Industries Inc. was eliminated, given the company's inability to drive the growth necessary to support the valuation.

Holdings in TJX Companies Inc., TC Energy Corp., Bank of Nova Scotia, and Microsoft Corp. were sold to manage portfolio risk and focus on more attractive valuations relative to other opportunities within the portfolio.

Heading into 2024 valuations are elevated, especially in the U.S. where the returns have been primarily concentrated around a few equities. In Canada, valuations look more reasonable, and 2023 performance was broad-based with Shopify being the largest contributor. However, for the S&P, about two-thirds of the returns have been primarily attributed to seven technology stocks and mostly related to the potential growth opportunities from Artificial Intelligence. Historically, with returns particularly concentrated around a handful of equities, this can lead to a 'crowding effect' with elevated valuations and a heightened downside market risk.

Recent Developments

As announced, effective October 3, 2023, BMO Asset Management Inc. ceased to act as the Fund's portfolio adviser and 1832 Asset Management L.P. ("1832") was appointed as the Fund's portfolio adviser pursuant to an investment advisory agreement dated September 29, 2023, between Educators Financial Group and 1832. As a result of the change, the performance Benchmark was amended to the S&P/TSX Composite Index. There is no change to the investment objective of the Fund.

The initiatives put forth by the central banks to curb inflation, combined with recent signaling that rate cuts would be included in their outlook for 2024, were well received by the market. This shift in policy led bond yields sharply lower and supported risk-taking, including equities. However, with inflation still ahead of target, coupled with resilient consumer spending, there remains a risk that the market is being overly optimistic and that rates may stay higher for longer, which has investors resetting their expectations. Additionally, growing global geo-political instability, along with tensions escalating in other areas, and elections taking place in

seven of the world's most populous countries this year, all provides further grounds for caution.

While dividend and dividend-growth strategies have underperformed on a relative basis throughout this round of monetary tightening, the strategy continues to focus on high-quality, sustainable businesses with safe and growing dividend streams, generating compelling risk-adjusted returns that should be attractive to investors as interest rates ease.

Related Party Transactions

In 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 DIVIDEND 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 past five years. Currently Class I units of the Fund are not being offered to purchase by retail investors.

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

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$36.14	\$40.35	\$32.77	\$32.70	\$26.38
Increase (decrease) from operations:					
Total revenue	\$1.28	\$1.01	\$0.98	\$0.94	\$0.85
Total expenses, including transaction costs [excluding distributions]	(\$0.73)	(\$0.71)	(\$0.69)	(\$0.57)	(\$0.57)
Realized gains (losses) for the period	\$7.31	\$0.09	\$0.69	(\$0.20)	\$0.89
Unrealized gains (losses) for the period	(\$4.91)	(\$4.43)	\$6.71	(\$0.06)	\$5.35
Total increase (decrease) from operations⁽²⁾	\$2.95	(\$4.04)	\$7.69	\$0.11	\$6.52
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.40	\$0.16	\$0.12	\$0.28	\$0.17
From capital gains	\$4.88	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions⁽³⁾	\$5.28	\$0.16	\$0.12	\$0.28	\$0.17
Net Assets, end of year/period	\$33.76	\$36.14	\$40.35	\$32.77	\$32.70

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2023	2022	2021	2020	2019
Total Net Asset Value (000's) ⁽⁴⁾	\$167,086	\$163,962	\$183,480	\$146,103	\$151,109
Number of units outstanding ⁽⁴⁾	4,948,537	4,537,010	4,547,148	4,458,520	4,621,623
Management expense ratio ⁽⁵⁾	1.82%	1.81%	1.81%	1.81%	1.80%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.82%	1.81%	1.81%	1.81%	1.81%
Trading expense ratio ⁽⁷⁾	0.09%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	64.05%	7.30%	4.11%	9.41%	9.99%
Net Asset Value per unit	\$33.76	\$36.14	\$40.35	\$32.77	\$32.70



EDUCATORS DIVIDEND FUND

Educators Dividend Fund – Class I Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$12.66	\$14.15	\$11.44	\$11.42	\$9.20
Increase (decrease) from operations:					
Total revenue	\$0.45	\$0.36	\$0.34	\$0.33	\$0.30
Total expenses, including transaction costs [excluding distributions]	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Realized gains (losses) for the period	\$2.57	\$0.03	\$0.23	(\$0.09)	\$0.41
Unrealized gains (losses) for the period	(\$1.73)	(\$1.56)	\$2.36	\$0.40	\$1.44
Total increase (decrease) from operations ⁽²⁾	\$1.27	(\$1.18)	\$2.92	\$0.63	\$2.14
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.39	\$0.30	\$0.22	\$0.30	\$0.25
From capital gains	\$1.72	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$2.11	\$0.30	\$0.22	\$0.30	\$0.25
Net Assets, end of year/period	\$11.81	\$12.66	\$14.15	\$11.44	\$11.42

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2023	2022	2021	2020	2019
Total Net Asset Value (000's) ⁽⁴⁾	\$11,301	\$11,481	\$13,244	\$8,326	\$6,069
Number of units outstanding ⁽⁴⁾	956,917	906,899	935,810	727,804	531,550
Management expense ratio ⁽⁵⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	0.09%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	64.05%	7.30%	4.11%	9.41%	9.99%
Net Asset Value per unit	\$11.81	\$12.66	\$14.15	\$11.44	\$11.42



EDUCATORS DIVIDEND FUND

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

	Year ended December 31		
	2023	2022	2021
Net Assets, beginning of year/period	\$9.62	\$10.75	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.34	\$0.27	\$0.13
Total expenses, including transaction costs [excluding distributions]	(\$0.09)	(\$0.09)	(\$0.04)
Realized gains (losses) for the period	\$2.06	\$0.01	(\$0.01)
Unrealized gains (losses) for the period	(\$1.42)	(\$1.21)	\$0.88
Total increase (decrease) from operations ⁽²⁾	\$0.89	(\$1.02)	\$0.96
Distributions:			
From net investment income (excluding dividends)	\$--	\$--	\$--
From dividends	\$0.22	\$0.15	\$0.05
From capital gains	\$1.30	\$--	\$--
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$1.52	\$0.15	\$0.05
Net Assets, end of year/period	\$8.97	\$9.62	\$10.75

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31		
	2023	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$11,579	\$9,683	\$7,495
Number of units outstanding ⁽⁴⁾	1,290,581	1,006,959	696,955
Management expense ratio ⁽⁵⁾	0.80%	0.80%	0.79%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.80%	0.80%	0.79%
Trading expense ratio ⁽⁷⁾	0.09%	0.01%	0.01%
Portfolio turnover rate ⁽⁸⁾	64.05%	7.30%	4.11%
Net Asset Value per unit	\$8.97	\$9.62	\$10.75

⁽¹⁾ This information is derived from the Fund's 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 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 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 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.



EDUCATORS DIVIDEND 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 1.60% for the Class A Series and 0.70% 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 14.6% of the total management fees collected from all Series (excluding Class I Series approximately 13.8% of the total management fees collected), 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

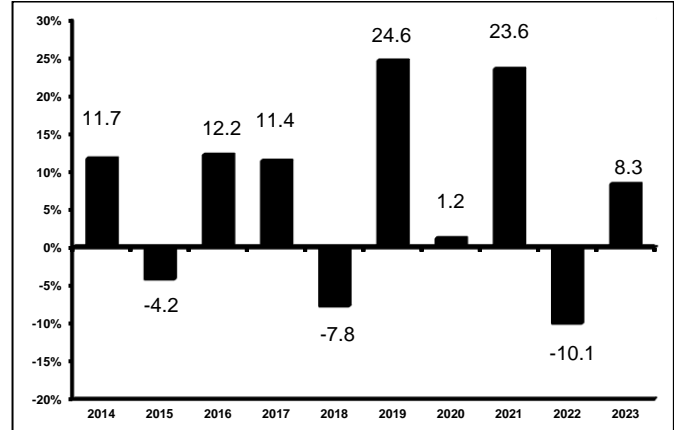
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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

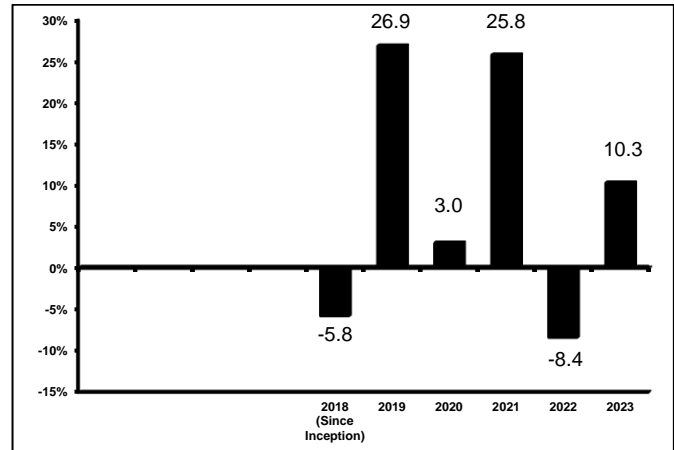
Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown and 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.

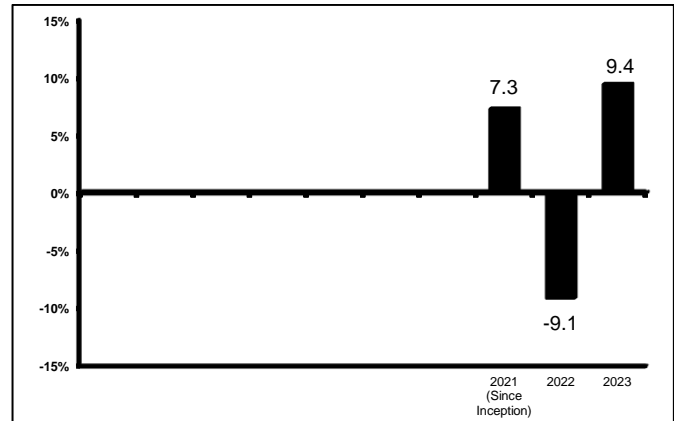
Annual Returns – Class A Series



Annual Returns – Class I Series ⁽¹⁾



Annual Returns – Class F Series ⁽²⁾



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

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

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund with the performance of the Benchmark index, S&P/TSX 60 Index, a stock index of 60 large companies listed on the Toronto Stock Exchange until October 2, 2023 and the S&P/TSX Composite Total Return Index (S&P/TSX Index), a capitalization-weighted index designed to measure the market activity of some of the largest float adjusted stocks listed on the Toronto Stock Exchange from October 3, 2023.

Educators Dividend Fund	1 Year	3 Year	5 Year	10 Year
Class A Series	8.34	6.38	8.71	6.48
Class F Series ¹	9.44	NA	NA	NA
Class I Series ²	10.31	8.32	10.69	NA
S&P/TSX TR 60 Index	12.05	10.39	11.60	8.24
Composite Index	11.75	9.59	11.30	7.62

¹ Since Inception (May 14, 2021)

² Since Inception (January 4, 2018)

The Benchmark returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark.

SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)

As at December 31, 2023

Sector Mix	Percentage of Net Asset Value
Financials	35.68 %
Energy	13.37 %
Industrials	9.54 %
Information Technology	7.46 %
Communication Services	7.25 %
Materials	6.63 %
Health Care	4.53 %
Consumer Staples	4.35 %
Consumer Discretionary	3.91 %
Real Estate	3.82 %
Utilities	1.78 %
Cash and Cash Equivalents	1.20 %
Net Other Assets (Liabilities)	0.48 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Royal Bank of Canada	5.80 %
Power Corp of Canada	5.78 %
Enbridge Inc.	4.93 %
Toronto-Dominion Bank	4.49 %
Bank of Montreal	4.18 %
Manulife Financial Corp.	3.51 %
BCE Inc.	3.49 %
Canadian National Railway Co.	3.30 %
TC Energy Corp.	2.89 %
Restaurant Brands International Inc.	2.87 %
Johnson & Johnson	2.57 %
Bank of Nova Scotia	2.43 %
Brookfield Corp.	2.42 %
Open Text Corp.	2.40 %
Canadian Pacific Kansas City Ltd.	2.40 %
TELUS Corp.	2.37 %
Onex Corp.	2.34 %
Intact Financial Corp.	2.32 %
Loblaws Cos Ltd.	2.12 %
Canadian Natural Resources Ltd.	2.10 %
Texas Instruments Inc.	2.07 %
Boardwalk Real Estate Investment Trust	2.07 %
Waste Connections Inc.	2.03 %
Medtronic PLC	1.96 %
WSP Global Inc.	1.81 %

Total Net Assets (000's)

\$189,965

The top 25 holdings represent approximately 74.65% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at December 31, 2023 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

EDUCATORS FINANCIAL GROUP

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