

# 2023

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2023

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

### Educators Money Market 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](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 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 Money Market Fund (*the "Fund"*) is to produce a high level of interest income consistent with the goal of preserve invested capital. The Fund invests primarily in Canadian government treasury bills and other high quality short-term Canadian corporate debt instruments of not more than one year to maturity, selecting a variety of investment maturities based on the interest rate outlook, analyzing the creditworthiness of various issuers and achieving a diversified portfolio by allocating investments among government and corporate securities. 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 23.5% to \$36.0 million at the end of December 2023, up from \$29.1 million at the end of December 2022.

#### Investment Performance

For the year/period ending December 31, 2023 (*the period*), the Educators Money Market Fund – Class A Series provided a return of 4.27% versus the FTSE Canada 91 Day Treasury Bill Index (*the Benchmark*) return of 4.71%.

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.

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. As a result, money market security yields decreased towards the end of the fourth quarter.

In positioning the Fund over the year, the portfolio adviser has targeted an average term shorter than that of the benchmark, 91 days. Prior to the BoC December meeting, the Fund could re-invest maturing securities at higher rates, given the expectation that rates will continue to rise. Additionally, the portfolio manager sought to avoid selling securities with longer term-to-maturity, where valuations may be less attractive. Following the December BoC meeting, when it became clear that the hiking process was complete, interest rate cuts began to be priced into securities maturing in the second quarter of 2024 and the shorter average term allowed the portfolio adviser to focus on higher-yielding securities.

The yield of the benchmark continued to rise during the first three quarters of the year, rising above 5.15%, before moderating during the fourth quarter and ending the year 5.05%. The movement of the yield of Bankers Acceptances was similar, beginning the year at 4.63% and ending it at 5.20%, after decreasing late in the year.

Over the year, the Fund underperformed its benchmark, primarily due to the rise in interest rates in the first half of the year and their negative impact on the value of existing securities. This underperformance was partially offset by the Fund's greater weight in corporate securities, as compared to its benchmark, which provide a higher yield than Government securities.

The proportion of government guaranteed securities within the Fund decreased during the period. As of December 31, 2023, the Fund held 9.72% of its investments in Government of Canada Treasury Bills, down from 24.3% at the beginning of the year, with the balance held in corporate paper.

### Recent Developments

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.

The portfolio adviser believes the market's expectations for rate cuts are currently too aggressively priced in money market securities. Given this, the average term of the Fund has been reduced slightly



following 2023, concentrating on investments in securities with three months to maturity or less, where yields better align with the portfolio adviser's forecast.

The portfolio advisor 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. In this environment, the Fund will continue to hold a significant weight of high-quality commercial paper, bank-sponsored asset-backed commercial paper, as well as banker's acceptances, to complement the Fund's holdings of Government of Canada treasury bills.

**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 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 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>**

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.49	\$0.19	\$0.02	\$0.08	\$0.18
Total expenses, including transaction costs [excluding distributions]	(\$0.07)	(\$0.06)	(\$0.02)	(\$0.03)	(\$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>\$0.42</b>	<b>\$0.13</b>	<b>\$--</b>	<b>\$0.05</b>	<b>\$0.12</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.42	\$0.13	\$--	\$0.05	\$0.12
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.42</b>	<b>\$0.13</b>	<b>\$0.00</b>	<b>\$0.05</b>	<b>\$0.12</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>

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

	Year ended December 31				
	2023	2022	2021	2020	2019
Total Net Asset Value (000's) <sup>(4)</sup>	\$26,654	\$18,272	\$21,596	\$24,620	\$18,693
Number of units outstanding <sup>(4)</sup>	2,665,420	1,827,239	2,159,613	2,461,987	1,869,288
Management expense ratio <sup>(5)</sup>	0.63%	0.57%	0.18%	0.31%	0.62%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.63%	0.62%	0.58%	0.59%	0.62%
Trading expense ratio <sup>(7)</sup>	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



EDUCATORS MONEY MARKET FUND

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

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.48	\$0.21	\$0.02	\$0.08	\$0.21
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>\$0.48</b>	<b>\$0.21</b>	<b>\$0.02</b>	<b>\$0.08</b>	<b>\$0.21</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.48	\$0.21	\$0.02	\$0.08	\$0.18
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.48</b>	<b>\$0.21</b>	<b>\$0.02</b>	<b>\$0.08</b>	<b>\$0.18</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>

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

	Year ended December 31				
	2023	2022	2021	2020	2019
Total Net Asset Value (000's) <sup>(4)</sup>	\$8,008	\$8,953	\$6,116	\$5,296	\$4,089
Number of units outstanding <sup>(4)</sup>	800,769	895,293	611,598	529,564	408,916
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>	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



EDUCATORS MONEY MARKET FUND

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

	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	\$0.50	\$0.27	\$0.01
Total expenses, including transaction costs [excluding distributions]	(\$0.03)	(\$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>\$0.47</b>	<b>\$0.04</b>	<b>\$0.00</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	\$0.47	\$0.24	\$--
From dividends	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.47</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)**

	Year ended December 31		
	2023	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$1,267	\$1,917	\$70
Number of units outstanding <sup>(4)</sup>	126,681	191,657	7,007
Management expense ratio <sup>(5)</sup>	0.35%	0.34%	0.21%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.35%	0.34%	0.33%
Trading expense ratio <sup>(7)</sup>	N/A	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 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 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 adviser, 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 26.8% of the management fees collected from all Series (excluding Class I Series approximately 20.8% 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**

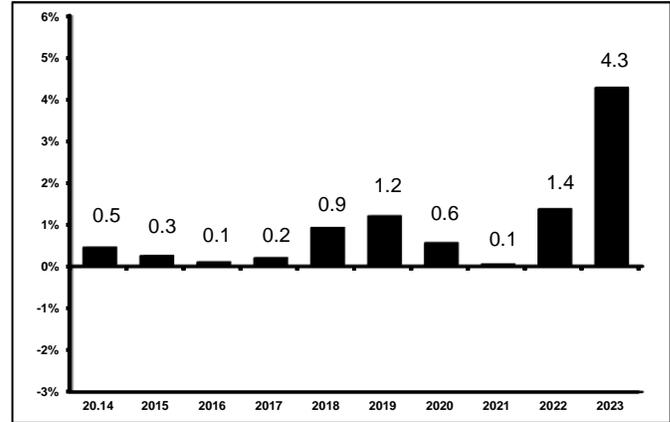
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

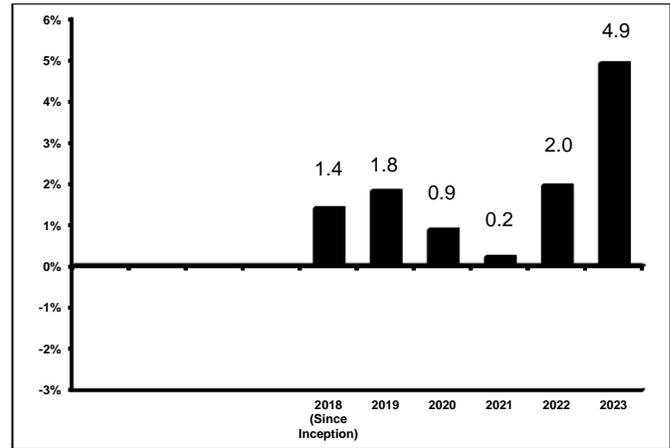
**Year-by-Year Returns**

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

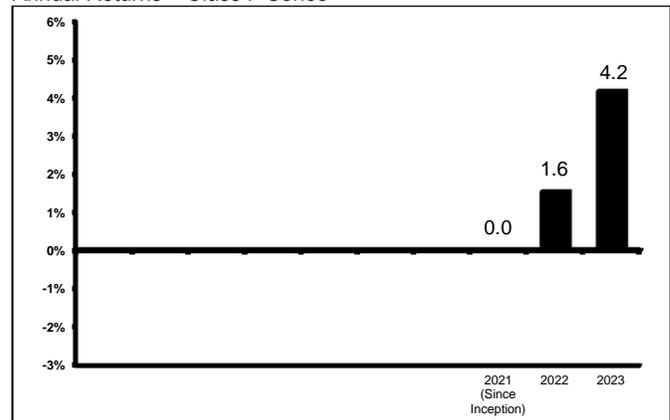
Annual Returns – Class A Series



Annual Returns – Class I Series <sup>(1)</sup>



Annual Returns – Class F Series <sup>(2)</sup>



<sup>(1)</sup> The Class I Series commenced operations January 4, 2018

<sup>(2)</sup> The Class F Series commenced operation May 14, 2021

## SUMMARY OF INVESTMENT PORTFOLIO

(Based on Net Asset Value)

As at December 31, 2023

Sector Mix	Percentage of Net Asset Value
Bankers' Acceptances	61.05 %
Discount Commercial Paper	28.41 %
Treasury Bills	9.66 %
Net Other Assets (Liabilities)	0.86 %
Cash and Cash Equivalents	0.02 %

## Top Holdings

Security Name	Percentage of Net Asset Value
Bank of Montreal, 5.18%, January 17, 2024	6.90 %
Canadian Treasury Bill, 5.02%, February 15, 2024	6.21 %
Bank of Nova Scotia, 5.33%, January 16, 2024	5.49 %
Central 1 Credit Union, 5.24%, March 11, 2024	4.67 %
Canadian Imperial Bank of Commerce, 5.21%, January 4, 2024	4.63 %
HSBC Bank Canada, 5.37%, January 26, 2024	4.45 %
Clarity Trust, 5.50%, February 20, 2024	4.10 %
Toronto-Dominion Bank, 5.19%, January 23, 2024	3.88 %
Honda Canada Finance Inc., 5.45%, January 30, 2024	3.82 %
VW Credit Canada, Inc., 0.50%, November 1, 2024	3.57 %
Royal Bank of Canada, 5.24%, February 20, 2024	3.45 %
Central 1 Credit Union, 5.24%, March 4, 2024	3.43 %
National Bank of Canada, 5.33%, January 19, 2024	3.37 %
HSBC Bank Canada, 5.25%, February 14, 2024	3.31 %
Clarity Trust, 5.46%, June 17, 2024	2.71 %
Bank of Nova Scotia, 5.23%, February 14, 2024	2.62 %
Royal Bank of Canada, 5.19%, January 10, 2024	2.38 %
Toronto-Dominion Bank, 5.23%, February 12, 2024	2.35 %
Government of Canada, 5.05%, February 1, 2024	2.27 %
HSBC Bank Canada, 5.26%, February 2, 2024	1.82 %
National Bank of Canada, 5.21%, February 2, 2024	1.65 %
Canadian Imperial Bank of Commerce, 5.25%, February 13, 2024	1.60 %
Royal Bank of Canada, 5.27%, January 26, 2024	1.44 %
Canadian Imperial Bank of Commerce, 5.21%, March 4, 2024	1.44 %
Canadian Imperial Bank of Commerce, 5.20%, February 28, 2024	1.38 %
<b>Total Net Assets (000's)</b>	<b>\$35,929</b>

The top 25 holdings represent approximately 82.94% 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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