

2023

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2023

Offered by Educators Financial Group
Portfolio Adviser: Mawer Investment Management Ltd., Calgary, Alberta

Educators U.S. Equity 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 U.S. Equity Fund (*the "Fund"*) is to provide long-term capital growth by investing primarily in common shares of established U.S. corporations and other equity securities of U.S. companies. The Fund may hedge all, or a portion of, the U.S. or other foreign currency exposure to protect the Fund's capital. 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 10.8% to \$141.0 million at the end of December 2023, up from \$127.3 million at the end of December 2022.

Investment Performance

For the year/period ending December 31, 2023 (*the period*) the Educators U.S. Equity Fund – Class A Series provided a return of 18.79%, versus the S&P 500 Index (*the Benchmark*) return of 22.30%.

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.

Equity markets rallied at the beginning of 2023, despite continued recessionary fears that were compounded with the backdrop of the Banking Crisis. The collapse of several U.S. regional banks, including Silicon Valley Bank, Signature Bank, First Republic, as well as Swiss banking giant Credit Suisse, brought into question the stability of the global banking system and weighed heavily against the Financials sector. Inflation, while still high, has continued to show signs of easing in many parts of the world. U.S. capital markets performed particularly well as equities roared past peers amidst resilient earnings and speculative interest in a narrow group of large cap stocks linked to Artificial Intelligence. 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.

Active U.S. Equities over the period underperformed the Benchmark, primarily due to the portfolio adviser's underweight position to the hottest segment of the global economy, namely large capital U.S. technology-focused companies. Nonetheless, Active U.S. Equities exposure to Microsoft Corporation, Alphabet Inc., and Amazon.com

Inc. positively contributed over the period. Along with the benefit of the general excitement for stocks, which are more rate-sensitive, given market expectations around interest rate cuts in 2024, these companies also continued to execute on a fundamental basis and have business segments that may benefit from Artificial Intelligence-related tailwinds. On the other hand, the Active U.S. Equities position in the discount retailer Dollar General Corporation delivered negative returns over the period. The company's operating margins came under pressure, suggesting that its ability to pass along additional price increases appears limited given the pressures facing its customers. Shares of another holding in life science company Bio-Rad Laboratories Inc. also declined because of high inflation and inventory challenges, as well as lower demand from pharmaceutical customers.

Some of the prominent initiations included AbbVie Inc. and BorgWarner Inc. AbbVie Inc. is a pharmaceutical company specializing in immunology, hematologic oncology (*blood cancers*), neuroscience (*e.g., migraine*), aesthetics (*e.g., Botox*), and eye care. The company owns Humira, which treats autoimmune diseases and is one of the top-selling drugs of all time but came off patent in 2023. As a result, sales of Humira fell sharply in 2023. Though there is downside risk, the portfolio adviser expects sales of Humira to trough in the near term and believes that the headlines are unduly weighing on the stock. The portfolio adviser also believes that Abbvie creates value by purchasing undervalued assets and maximizing cash flow from the assets by getting them approved quickly. BorgWarner Inc. manufactures and sells engineered automotive systems and components, primarily for powertrain applications worldwide. The company has prospects of doing well in a world dominated by electric vehicles and it may be a net beneficiary of electric vehicle production, despite its history in engine components. Meanwhile, the fund exited IAA Inc, a car auction company that was acquired by Ritchie Bros. Auctioneers Inc. (*RBA*), with most of the consideration given in the acquirer's shares. The portfolio adviser disposed of the RBA shares that were received and also exited media conglomerate Comcast Corporation, given a continued shift in competitive dynamics. Comcast is seeing greater competition from wireless broadband providers that are spending heavily to attract internet subscribers.

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's investment process remains focused on a bottom-up, longer-term fundamental approach, not relying upon broad-based macro assessments. More precisely, identifying companies that can create wealth by generating returns on capital in excess of their cost by virtue of sustainable competitive advantages. Combined with outstanding management teams, the wealth-creating nature of these businesses can be enhanced and extended. By focusing on those companies whose goods and services provide genuine value to their customers, the investment risk is mitigated in light of macro-economic events.

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 U.S. EQUITY 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 U.S. Equity Fund – Class A Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$19.63	\$21.02	\$21.10	\$21.28	\$17.64
Increase (decrease) from operations:					
Total revenue	\$0.34	\$0.46	\$0.49	\$1.12	\$0.51
Total expenses, including transaction costs [excluding distributions]	(\$0.44)	(\$0.47)	(\$0.53)	(\$0.58)	(\$0.48)
Realized gains (losses) for the period	\$0.35	\$1.11	\$3.21	\$1.43	\$0.72
Unrealized gains (losses) for the period	\$3.44	(\$1.72)	(\$0.61)	(\$0.46)	\$3.06
Total increase (decrease) from operations ⁽²⁾	\$3.69	(\$0.62)	\$2.56	\$1.51	\$3.81
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$0.05
From dividends	\$--	\$0.01	\$0.04	\$0.58	\$--
From capital gains	\$--	\$0.77	\$2.56	\$1.14	\$0.12
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$--	\$0.78	\$2.60	\$1.72	\$0.17
Net Assets, end of year/period	\$23.32	\$19.63	\$21.02	\$21.10	\$21.28

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⁾	\$113,051	\$101,548	\$109,552	\$102,683	\$103,370
Number of units outstanding ⁽⁴⁾	4,848,038	5,172,818	5,210,914	4,866,727	4,858,227
Management expense ratio ⁽⁵⁾	1.81%	1.94%	1.98%	1.98%	1.97%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.81%	1.94%	1.98%	1.98%	1.98%
Trading expense ratio ⁽⁷⁾	--	0.05%	0.04%	0.05%	0.03%
Portfolio turnover rate ⁽⁸⁾	5.85%	153.41%	38.23%	36.22%	16.05%
Net Asset Value per unit	\$23.32	\$19.63	\$21.02	\$21.10	\$21.28



EDUCATORS U.S. EQUITY FUND

Educators U.S. Equity Fund – Class I Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31				
	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$10.62	\$11.37	\$11.37	\$11.37	\$9.42
Increase (decrease) from operations:					
Total revenue	\$0.18	\$0.26	\$0.26	\$0.56	\$0.27
Total expenses, including transaction costs [excluding distributions]	(\$0.03)	(\$0.04)	(\$0.04)	(\$0.09)	(\$0.05)
Realized gains (losses) for the period	\$0.18	\$0.56	\$1.84	\$0.82	\$0.39
Unrealized gains (losses) for the period	\$1.91	(\$1.15)	\$0.07	(\$0.07)	\$1.63
Total increase (decrease) from operations ⁽²⁾	\$2.24	(\$0.37)	\$2.13	\$1.22	\$2.24
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$0.24
From dividends	\$0.09	\$0.21	\$0.14	\$0.43	\$--
From capital gains	\$--	\$0.42	\$1.46	\$0.61	\$0.07
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.09	\$0.63	\$1.60	\$1.04	\$0.30
Net Assets, end of year/period	\$12.76	\$10.62	\$11.37	\$11.37	\$11.37

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⁾	\$20,355	\$20,549	\$11,525	\$16,295	\$12,591
Number of units outstanding ⁽⁴⁾	1,595,506	1,934,847	1,013,368	1,433,533	1,107,668
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⁾	--	0.05%	0.04%	0.05%	0.03%
Portfolio turnover rate ⁽⁸⁾	5.85%	153.41%	38.23%	36.22%	16.05%
Net Asset Value per unit	\$12.76	\$10.62	\$11.37	\$11.37	\$11.37



EDUCATORS U.S. EQUITY FUND

Educators U.S. Equity Fund – Class F Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31		
	2023	2022	2021
Net Assets, beginning of year/period	\$8.16	\$8.75	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.15	\$0.19	\$0.10
Total expenses, including transaction costs [excluding distributions]	(\$0.08)	(\$0.10)	(\$0.05)
Realized gains (losses) for the period	\$0.15	\$0.43	\$0.53
Unrealized gains (losses) for the period	\$1.41	(\$0.68)	(\$0.50)
Total increase (decrease) from operations ⁽²⁾	\$1.63	(\$0.16)	\$0.08
Distributions:			
From net investment income (excluding dividends)	\$--	\$--	\$--
From dividends	\$0.04	\$0.11	\$--
From capital gains	\$--	\$0.32	\$1.13
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.04	\$0.43	\$1.13
Net Assets, end of year/period	\$9.76	\$8.16	\$8.75

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31		
	2023	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$7,614	\$5,191	\$2,786
Number of units outstanding ⁽⁴⁾	780,088	636,193	318,311
Management expense ratio ⁽⁵⁾	0.68%	0.80%	0.84%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.68%	0.80%	0.84%
Trading expense ratio ⁽⁷⁾	--	0.05%	0.04%
Portfolio turnover rate ⁽⁸⁾	5.85%	153.41%	38.23%
Net Asset Value per unit	\$9.76	\$8.16	\$8.75

⁽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.



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 0.60% 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 10.2% of the total management fees collected from all Series (excluding Class I Series approximately 8.8% 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

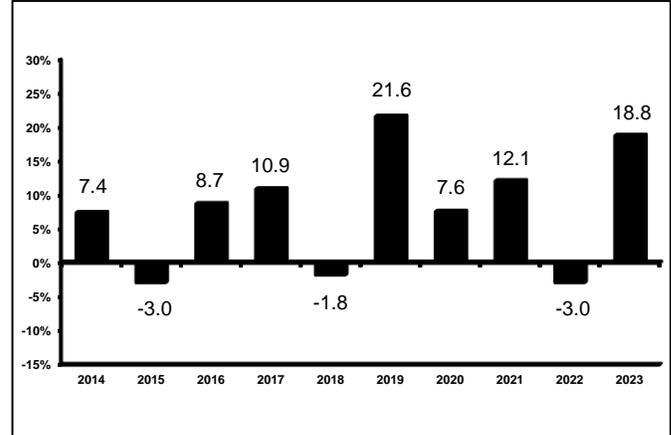
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

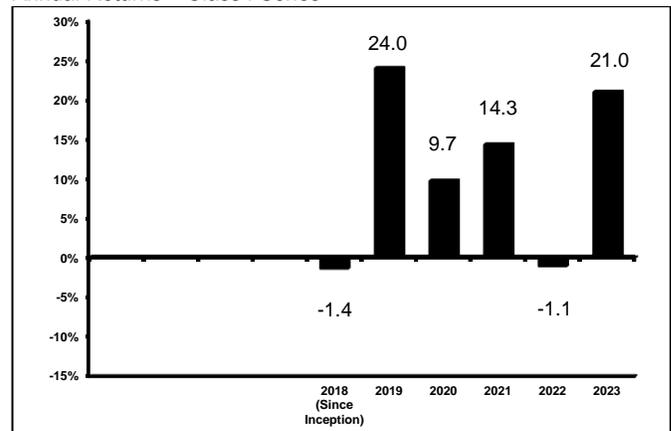
Year-by-Year Returns

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.

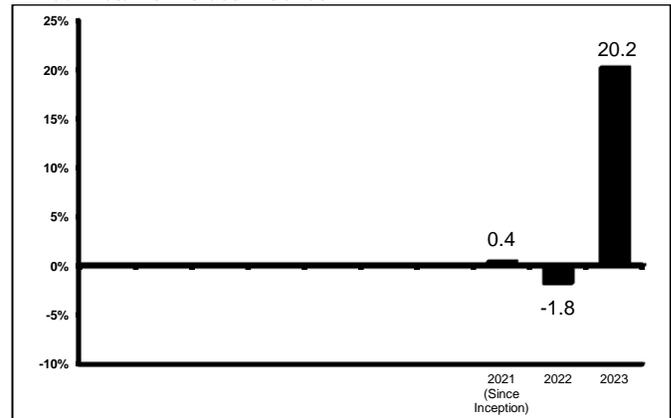
Annual Returns – Class A Series



Annual Returns – Class I Series (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



EDUCATORS U.S. EQUITY FUND

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund with the performance of the S&P 500 Index, a stock market index based on the market capitalizations of 500 large companies having common stock listed on the New York Stock Exchange.

Educators U.S. Equity Fund	1 Year	3 Year	5 Year	10 Year
Class A Series	18.79	8.92	11.07	7.63
Class F Series ¹	20.18	NA	NA	NA
Class I Series ²	21.00	11.03	13.25	NA
S&P 500 Index	22.30	10.75	14.29	13.83

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
Exchange-traded Funds	70.44 %
Information Technology	7.07 %
Financials	5.47 %
Health Care	5.19 %
Industrials	2.66 %
Materials	1.90 %
Communication Services	1.89 %
Consumer Staples	1.75 %
Consumer Discretionary	1.71 %
Short-term investments	1.16 %
Utilities	0.55 %
Net Other Assets (Liabilities)	0.16 %
Cash and Cash Equivalents	0.05 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Vanguard S&P 500 Index ETF	70.45 %
Microsoft Corp.	1.41 %
Amphenol Corp.	1.37 %
Visa Inc.	1.33 %
Marsh & McLennan Cos Inc.	1.24 %
Alphabet Inc.	1.08 %
Verisk Analytics Inc.	1.01 %
Arthur J Gallagher & Co.	0.93 %
CME Group Inc.	0.90 %
Waters Corp.	0.84 %
UnitedHealth Group Inc.	0.83 %
Procter & Gamble Co.	0.81 %
Amazon.com Inc.	0.79 %
Abbott Laboratories	0.76 %
Cencora Inc.	0.75 %
Becton Dickinson & Co.	0.72 %
Verizon Communications Inc.	0.71 %
Intercontinental Exchange Inc.	0.68 %
Paychex Inc.	0.64 %
Martin Marietta Materials Inc.	0.62 %
Sherwin-Williams Co.	0.62 %
Mastercard Inc.	0.57 %
Canadian Treasury Bill, 5.03%, March 14, 2024	0.52 %
Accenture PLC	0.49 %
Danaher Corp.	0.48 %

Total Net Assets (000's) \$141,020

The top 25 holdings represent approximately 90.55% 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.

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