

# 2024

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2024

Offered by Educators Financial Group  
Portfolio Adviser: Beutel, Goodman & Company Ltd., Toronto, Ontario

### Educators Balanced Fund





This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1.800.263.9541, by writing to us at Educators Financial Group, 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario, M2J 5C2, or by visiting our website at [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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

This report may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar forward-looking expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks, and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, including international conflicts, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events, including any potential lingering impact of the COVID-19 pandemic on the Fund and/or its operations.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements, whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance, unless required by applicable law.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

The Fund's net assets increased by 0.6% to \$271.6 million at the end of June 2024, up from \$270.0 million at the end of December 2023.

#### Investment Performance

For the year/period ending June 20, 2024 (*the period*), the Educators Balanced Fund – Class A Series provided a return of 5.24%, versus a Benchmark return of 5.40%. The Benchmark comprises 40% FTSE Canada Universe Bond Index, 35% S&P/TSX Composite Total Return Index, 12% Russell 1000 Value Index (NR) and 13% MSCI EAFE Total Return Index (*Canadian\$*) (*the Benchmark*).

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.

Save for a modest setback in April, global equity markets have delivered strong performance so far in 2024—showing surprising resilience amid geopolitical challenges, higher-for-longer interest rates, stubborn inflation, and economic growth that appears to be slowing. Performance during the period has been driven largely by a concentrated handful of stocks in the Information Technology and Communication Services sectors.

The equity portfolio of the Fund is divided into three portions: Canadian equities, U.S. equities, and international equities. The Canadian equity, U.S. equity, and international equity components underperformed their benchmarks. The fixed income portion of the Fund outperformed its benchmark.

From an asset allocation perspective, relative underperformance was driven primarily by stock selection in Canadian and U.S. equities. An overweight position in U.S. equities was the primary contributor to relative performance. The selection and weighting effects in fixed income also contributed to relative performance.

Within the Canadian equity portion of the Fund, the top-performing sectors during the period relative to its benchmark were Consumer Staples and Utilities sectors. Within the international equity portion of the Fund, the top-performing sectors during the period relative to its benchmark were Consumer Staples and Communication Services. Over the period, the top individual contributors to Fund performance included Qualcomm Inc., NetApp Inc., and American Express Company.

The worst performing sectors during the period relative to benchmark within the Canadian equity portion of the Fund were the Consumer Discretionary and Energy sectors. Within the U.S. equity portion of the Fund, the Communication Services and Consumer Discretionary sectors were the largest detractors from relative performance.

Within the international equity portion of the Fund, the Health Care and Financials sectors were the largest detractors from relative performance. Over the period, the largest individual detractors from Fund performance included Magna International Inc., Open Text Corp., and Rogers Communications Inc.

The portfolio adviser employs a stock selection process that is based on identifying securities trading at a significant discount to their business value. As a by-product of this bottom-up investment process, market performance, and general management activity, changes that occurred in the Fund's portfolio during the reporting period included an increased weighting in the Fund's Consumer Staples, Materials, Health Care, and Information Technology sectors—and a decreased weighting in the Industrials, Financials, Communication Services, Energy, Consumer Discretionary, Utilities, and Real Estate sectors (*because of relative performance and the team's buy/sell activities*). Infineon Technologies AG and Kering SA were new additions to the Fund. The Fund's position in WK Kellogg Co., Parker-Hannifin Corp., Hydro One Ltd., and Great-West Lifeco Inc. were liquidated.

Within the Canadian Fixed Income market, yields continued to be volatile, as participants sought to anticipate the timing of initial interest rate cuts by the Bank of Canada (*BoC*). Following substantial optimism for cuts at the end of 2023, yields moved higher in early 2024, as those expectations began to be revised. Towards the end of the second quarter, as yields and inflation began to decrease, supported the BoC 0.25% rate cut in early June.

The Fund's long duration positioning relative to the benchmark contributed to performance in a volatile bond yield environment. Sector allocation contributed to performance, as the Fund was overweight in corporate bonds amid a tightening of spreads. Corporate security selection in financials securities contributed to performance. Curve positioning and government security selection were roughly neutral during the period.

The portfolio adviser employs macroeconomic analysis, rigorous bottom-up credit research, and proprietary risk-management tools to search for opportunities where the market has mispriced risk and reward. As a by-product of this investment process, market performance, and general management activity, the Fund's weightings in federal and municipal government bonds increased over the period, while the allocation in corporate and provincial bonds decreased.

### Recent Developments

The ebb and flow of rate cut expectations in both the U.S. and Canada continues to dominate market sentiment in 2024. Slow, but definitive progress on core inflation eventually produced the first Canadian rate cut of the cycle in June, while the U.S. Federal Open Markets Committee has yet to act. Inflation in both countries is still above the two central banks' common target of 2.00%, but the



achievement of that level in both markets now appears to be likely in 2025. For the remainder of 2024, the consensus view of cuts by 50-basis points in both markets is comfortable. June 2024 was the first month since October 2020 where no global central bank hiked its target rate, a sign the tides are turning from global monetary tightening to loosening.

Growth has indeed moderated, as evidenced by the sharp rise in the unemployment rate over the last few quarters in both Canada and the U.S. Slow growth and continued improvement on inflation should provide an environment conducive to less restrictive policy in the quarters ahead. The much-publicized election in the fourth quarter is expected to bring increased volatility across financial markets. However, given the forward-looking nature of markets, increased volatility to get priced into markets well ahead of the election is expected.

#### **Related Party Transactions**

Pursuant to the Fund's investment strategies included in the Fund's Simplified Prospectus, the Fund may invest in other mutual funds, and for the period has invested in Beutel Goodman International Equity Fund, Class I; and Beutel Goodman American Equity Fund, Class I, all of which are funds managed by the Fund's portfolio adviser.

In the first six months of 2024 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 Balanced Fund – Class A Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30		Year ended December 31			
	2024	2023	2022	2021	2020	2019
Net Assets, beginning of year/period	\$20.34	\$19.42	\$21.14	\$20.38	\$20.09	\$18.18
<b>Increase (decrease) from operations:</b>						
Total revenue	\$0.24	\$0.59	\$0.58	\$0.51	\$0.63	\$0.53
Total expenses, including transaction costs [excluding distributions]	(\$0.20)	(\$0.38)	(\$0.37)	(\$0.41)	(\$0.37)	(\$0.37)
Realized gains (losses) for the period	\$0.43	\$0.38	\$0.47	\$1.48	\$0.82	\$0.58
Unrealized gains (losses) for the period	\$0.60	\$0.69	(\$1.94)	\$0.36	(\$0.16)	(\$1.54)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$1.07</b>	<b>\$1.28</b>	<b>(\$1.26)</b>	<b>\$1.94</b>	<b>\$0.92</b>	<b>\$2.28</b>

**Distributions:**

From net investment income (excluding dividends)	\$--	\$0.02	\$--	\$--	\$0.07	\$--
From dividends	\$0.07	\$0.19	\$0.17	\$0.08	\$0.20	\$0.17
From capital gains	\$--	\$0.17	\$0.31	\$1.10	\$0.49	\$0.20
Return of capital	\$--	\$--	\$0.05	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.07</b>	<b>\$0.38</b>	<b>\$0.53</b>	<b>\$1.18</b>	<b>\$0.76</b>	<b>\$0.37</b>
<b>Net Assets, end of year</b>	<b>\$21.34</b>	<b>\$20.34</b>	<b>\$19.42</b>	<b>\$21.14</b>	<b>\$20.38</b>	<b>\$20.09</b>

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

	Six-months ended June 30		Year ended December 31			
	2024	2023	2022	2021	2020	2019
Total Net Asset Value (000's) <sup>(4)</sup>	\$242,082	\$242,262	\$242,387	\$274,423	\$250,171	\$257,306
Number of units outstanding <sup>(4)</sup>	11,342,864	11,908,169	12,478,650	12,981,545	12,275,259	12,805,897
Management expense ratio <sup>(5)</sup>	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Trading expense ratio <sup>(7)</sup>	0.01%	0.01%	0.01%	0.01%	0.02%	0.01%
Portfolio turnover rate <sup>(8)</sup>	29.47%	51.97%	39.74%	55.32%	80.68%	56.44%
Net Asset Value per unit	\$21.34	\$20.34	\$19.42	\$21.14	\$20.38	\$20.09



EDUCATORS BALANCED FUND

**Educators Balanced Fund – Class E Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30	Year ended December 31			
	2024	2023	2022	2021	2020
Net Assets, beginning of year/period	\$10.98	\$10.48	\$11.39	\$10.96	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.13	\$0.32	\$0.32	\$0.28	\$0.27
Total expenses, including transaction costs [excluding distributions]	(\$0.09)	(\$0.16)	(\$0.16)	(\$0.18)	(\$0.10)
Realized gains (losses) for the period	\$0.23	\$0.21	\$0.25	\$0.81	\$0.44
Unrealized gains (losses) for the period	\$0.33	\$0.35	(\$0.01)	\$0.17	\$0.83
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.60</b>	<b>\$0.72</b>	<b>(\$0.60)</b>	<b>\$1.08</b>	<b>\$1.44</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$--	\$0.01	\$--	\$--	\$0.05
From dividends	\$0.06	\$0.14	\$0.11	\$0.07	\$0.15
From capital gains	\$--	\$0.09	\$0.17	\$0.59	\$0.26
Return of capital	\$--	\$--	\$0.03	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.06</b>	<b>\$0.24</b>	<b>\$0.31</b>	<b>\$0.66</b>	<b>\$0.46</b>
<b>Net Assets, end of year/period</b>	<b>\$11.51</b>	<b>\$10.98</b>	<b>\$10.48</b>	<b>\$11.39</b>	<b>\$10.96</b>

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

	Six-months ended June 30	Year ended December 31			
	2024	2023	2022	2021	2020
Total Net Asset Value (000's) <sup>(4)</sup>	\$13,156	\$12,818	\$12,910	\$13,621	\$11,663
Number of units outstanding <sup>(4)</sup>	1,142,581	1,167,689	1,231,618	1,196,025	1,063,819
Management expense ratio <sup>(5)</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Trading expense ratio <sup>(7)</sup>	0.01%	0.01%	0.01%	0.01%	0.02%
Portfolio turnover rate <sup>(8)</sup>	29.47%	51.97%	39.74%	55.32%	80.68%
Net Asset Value per unit	\$11.51	\$10.98	\$10.48	\$11.39	\$10.96



EDUCATORS BALANCED FUND

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

	Six-months ended June 30	Year ended December 31		
	2024	2023	2022	2021
Net Assets, beginning of year/period	\$9.20	\$8.78	\$9.52	\$10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	\$0.11	\$0.26	\$0.34	\$0.22
Total expenses, including transaction costs [excluding distributions]	(\$0.04)	(\$0.07)	(\$0.07)	(\$0.04)
Realized gains (losses) for the period	\$0.20	\$0.15	\$0.27	\$0.78
Unrealized gains (losses) for the period	\$0.26	\$0.32	(\$0.32)	(\$0.66)
<b>Total increase (decrease) from operations</b> <sup>(2)</sup>	\$0.53	\$0.66	\$0.22	\$0.30
<b>Distributions:</b>				
From net investment income (excluding dividends)	\$--	\$0.02	\$--	\$--
From dividends	\$0.09	\$0.18	\$0.13	\$0.12
From capital gains	\$--	\$0.08	\$0.14	\$0.50
Return of capital	\$--	\$--	\$0.03	\$--
<b>Total Annual Distributions</b> <sup>(3)</sup>	\$0.09	\$0.28	\$0.30	\$0.62
<b>Net Assets, end of year/period</b>	\$9.65	\$9.20	\$8.78	\$9.52

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

	Six-months ended June 30	Year ended December 31		
	2024	2023	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$16,335	\$14,715	\$19,930	8,664
Number of units outstanding <sup>(4)</sup>	1,693,054	1,599,345	2,269,506	909,817
Management expense ratio <sup>(5)</sup>	0.80%	0.80%	0.80%	0.79%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.80%	0.80%	0.80%	0.79%
Trading expense ratio <sup>(7)</sup>	0.01%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(8)</sup>	29.47%	51.97%	39.74%	55.32%
Net Asset Value per unit	\$9.65	\$9.20	\$8.78	\$9.52

<sup>(1)</sup> 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.

<sup>(2)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

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

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

<sup>(5)</sup> Management expense ratio is based on total expenses (excluding distributions, commissions, and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>(6)</sup> The management expense ratio before waivers or absorptions shows what the management expense ratio of the Fund would have been if Educators Financial Group had not charged a lesser amount for its management fee.

<sup>(7)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>(8)</sup> 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 1.65% for the Class A Series, 1.32% for the Class E Series and 0.70% for the Class F Series.

The Fund is responsible for paying any applicable tax owing on its management fee.

Approximately 12.3% of the total management fees collected from all Series 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**

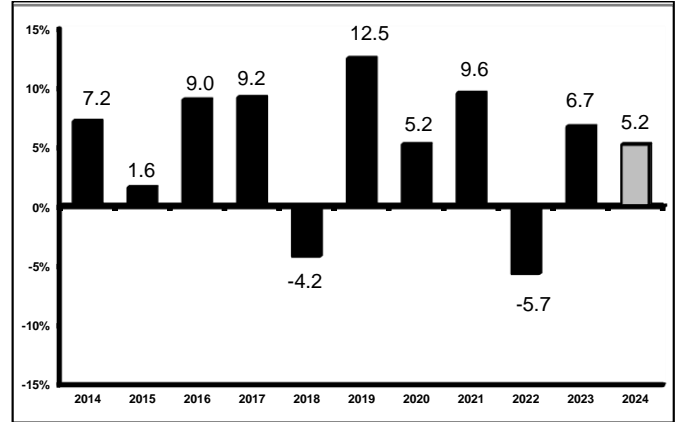
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

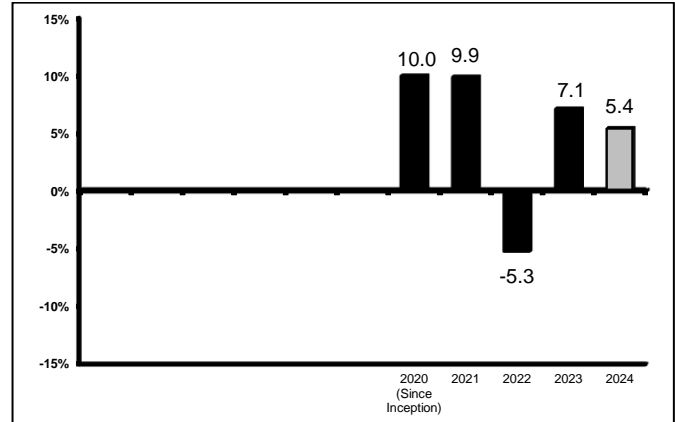
**Year-by-Year Returns**

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

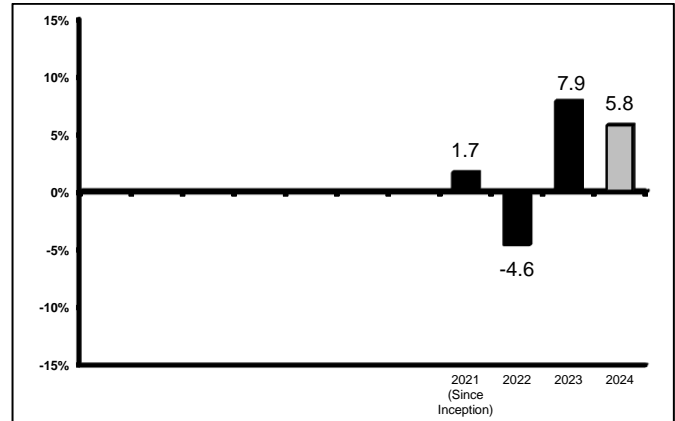
Annual Returns – Class A Series



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



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



■ % Increase/decrease    ■ For the six-month period ended June 30, 2024

<sup>(1)</sup> The Class E Series commenced operation February 4, 2020  
<sup>(2)</sup> The Class F Series commenced operation May 14, 2021





EDUCATORS BALANCED FUND

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, 2024

Sector Mix	Percentage of Net Asset Value
Canadian Mutual Funds	25.45 %
Government Bonds	18.48 %
Corporate Bonds	12.81 %
Foreign Exchange-traded Funds	12.37 %
Financials	9.39 %
Industrials	3.98 %
Consumer Staples	3.84 %
Consumer Discretionary	2.84 %
Energy	2.33 %
Materials	2.05 %
Communication Services	1.54 %
Short-term investments	1.52 %
Information Technology	1.22 %
Utilities	0.84 %
Real Estate	0.44 %
Cash and Cash Equivalents	0.90 %

**Top 25 Holdings**

Security Name	Percentage of Net Asset Value
Beutel Goodman International Equity Fund, Class I	14.58 %
SPDR Portfolio S&P 500 Growth ETF	12.37 %
Beutel Goodman American Equity Fund, Class I	10.86 %
Canadian Government Bond, 3.00%, June 1, 2034	2.48 %
Royal Bank of Canada	2.26 %
Toronto-Dominion Bank	2.02 %
Province of Ontario, 4.15%, June 2, 2034	1.36 %
Canadian Treasury Bill, 4.68%, August 15, 2024	1.35 %
Manulife Financial Corp.	1.31 %
Canadian National Railway Co.	1.26 %
RB Global Inc.	1.21 %
Suncor Energy Inc.	1.17 %
TC Energy Corp.	1.16 %
Rogers Communications Inc.	1.13 %
Metro Inc.	1.10 %
Alimentation Couche-Tard Inc.	1.10 %
Bank of Montreal	1.08 %
Sun Life Financial Inc.	0.98 %
Province of Ontario, 4.70%, June 2, 2037	0.96 %
Canadian Pacific Kansas City Ltd.	0.91 %
Province of Quebec, 4.45%, September 1, 2034	0.89 %
Magna International Inc.	0.87 %
Restaurant Brands International Inc.	0.85 %
Canadian Government Bond, 3.25%, December 1, 2033	0.85 %
Fortis Inc.	0.84 %

**Total Net Assets (000's)**

**\$271,574**

The top 25 holdings represent approximately 64.94% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2024 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly. Information about the holdings of the Beutel Goodman Funds owned by the Fund is contained in their simplified prospectus, annual information form and fund facts documents available on SEDAR at [www.sedar.com](http://www.sedar.com).