

UNAUDITED INTERIM FINANCIAL STATEMENTS

EDUCATORS FINANCIAL GROUP INC.



EDUCATORS MONEY MARKET FUND
EDUCATORS MORTGAGE & INCOME FUND
EDUCATORS BOND FUND
EDUCATORS BALANCED FUND
EDUCATORS MONTHLY INCOME FUND
EDUCATORS DIVIDEND FUND
EDUCATORS GROWTH FUND
EDUCATORS NORTH AMERICAN DIVERSIFIED FUND

Dated: June 30, 2017

Educators Financial Group Inc. Funds
Unaudited Interim Financial Statements

June 30, 2017

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NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Educators Financial Group Inc., the Manager of the Funds, appoints independent auditors to audit the Funds' Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, it must be disclosed in an accompanying notice.

The Funds' independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants.

The next report on the Funds will contain annual audited financial information as of December 31, 2017.

Educators Money Market Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 55,763 | \$ 29,886 |
| Interest receivable | 20,367 | 22,653 |
| Subscriptions receivable | 663,037 | 382,177 |
| Investments | <u>15,804,840</u> | <u>16,732,269</u> |
| Total assets | \$ 16,544,007 | \$ 17,166,985 |
| Liabilities | | |
| Current liabilities | | |
| Redemptions payable | 71,188 | 29,919 |
| Distributions payable | 56 | 108 |
| Amounts due to Manager-Trustee (Note 6) | <u>7,564</u> | <u>7,801</u> |
| Total liabilities | <u>78,808</u> | <u>37,828</u> |
| Net assets attributable to holders of redeemable units | \$ 16,465,199 | \$ 17,129,157 |
| Number of redeemable units outstanding (Note 3) | <u>1,646,520</u> | <u>1,712,916</u> |
| Net assets attributable to holders of redeemable units per unit | \$ 10.00 | \$ 10.00 |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators Money Market Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|------------------|------------------|
| Income | | |
| Interest for distribution purposes | \$ 51,583 | \$ 49,400 |
| Securities lending (Note 5) | 1,778 | 1,629 |
| Total income | <u>53,361</u> | <u>51,029</u> |
| Expenses | | |
| Management fees (Note 6) | 45,123 | 47,940 |
| Harmonised sales tax | 5,247 | 4,916 |
| | <u>50,370</u> | <u>52,856</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | (3,777) | (9,835) |
| Total expenses | <u>46,593</u> | <u>43,021</u> |
| | | |
| Increase in net assets attributable to holders of redeemable units | \$ <u>6,768</u> | \$ <u>8,008</u> |
| | | |
| Weighted average units outstanding during the period | <u>1,645,875</u> | <u>1,751,044</u> |
| | | |
| Increase in net assets attributable to holders of redeemable units per unit | \$ <u>-</u> | \$ <u>-</u> |

Educators Money Market Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 17,129,157 | \$ 19,434,352 |
| Increase in net assets attributable to holders of redeemable units | 6,768 | 8,008 |
| Distributions to holders of redeemable units | | |
| From net investment income | (6,775) | (7,971) |
| Total distributions to holders of redeemable units | <u>(6,775)</u> | <u>(7,971)</u> |
| | | |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 5,941,393 | 3,616,471 |
| Redemption of redeemable units | (6,611,984) | (6,812,677) |
| Reinvestments of distributions to holders of redeemable units | 6,640 | 7,922 |
| Net decrease from redeemable unit transactions | <u>(663,951)</u> | <u>(3,188,284)</u> |
| | | |
| Net decrease in net assets attributable to holders of redeemable units | <u>(663,958)</u> | <u>(3,188,247)</u> |
| | | |
| Net assets attributable to holders of redeemable units, end of period | \$ <u>16,465,199</u> | \$ <u>16,246,105</u> |

See accompanying notes to the financial statements

Educators Money Market Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|------------------|--------------------|
| Cash Flow from Operating Activities | | |
| Increase in net assets attributable to holders of redeemable units | \$ 6,768 | \$ 8,008 |
| Adjustments for: | | |
| Purchase of investments | (24,516,168) | (30,177,506) |
| Proceeds from disposal of investments | 25,443,597 | 33,309,249 |
| Decrease (increase) in interest receivable | 2,286 | (3,564) |
| Decrease in amounts due to Manager-Trustee | (237) | (321) |
| Cash provided by operating activities | <u>936,246</u> | <u>3,135,866</u> |
| Cash Flow from Financing Activities | | |
| Proceeds from redeemable units issued | 5,660,533 | 3,703,308 |
| Redemption of redeemable units | (6,570,715) | (6,741,834) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (187) | (49) |
| Cash used by financing activities | <u>(910,369)</u> | <u>(3,038,575)</u> |
| Increase in cash | <u>\$ 25,877</u> | <u>\$ 97,291</u> |
| Cash (bank overdraft), beginning of period | <u>\$ 29,886</u> | <u>\$ (50,207)</u> |
| Cash, end of period | <u>\$ 55,763</u> | <u>\$ 47,084</u> |
| Supplemental cash flow information: | | |
| Interest received | \$ 53,869 | \$ 45,836 |

Educators Money Market Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|------------------------------------|-------------|---------------|----------------------|----------------------|---|
| Short-Term Investments | | | | | | |
| Bankers' Acceptances | | | | | | |
| 380,000 | Bank of Montreal | 0.891% | 1-Sep-2017 | 378,807 | 378,807 | |
| 270,000 | Bank of Montreal | 0.910% | 19-Sep-2017 | 268,920 | 268,920 | |
| 250,000 | Bank of Nova Scotia | 0.780% | 1-Aug-2017 | 249,520 | 249,520 | |
| 390,000 | Bank of Nova Scotia | 0.849% | 24-Nov-2017 | 388,463 | 388,463 | |
| 675,000 | Canadian Imperial Bank of Commerce | 0.891% | 7-Jul-2017 | 671,902 | 671,902 | |
| 364,000 | Royal Bank of Canada | 0.900% | 18-Aug-2017 | 362,668 | 362,668 | |
| 286,000 | Royal Bank of Canada | 0.921% | 18-Sep-2017 | 284,750 | 284,750 | |
| 250,000 | Toronto-Dominion Bank | 0.880% | 31-Jul-2017 | 249,285 | 249,285 | |
| 390,000 | Toronto-Dominion Bank | 0.899% | 23-Nov-2017 | 388,460 | 388,460 | |
| | | | | <u>3,242,775</u> | <u>3,242,775</u> | <u>19.70</u> |
| Discount Commercial Paper | | | | | | |
| 650,000 | OMERS Finance Trust | 0.749% | 1-Aug-2017 | 649,201 | 649,201 | |
| 480,000 | Clarity Trust | 0.878% | 28-Aug-2017 | 479,285 | 479,285 | |
| | | | | <u>1,128,486</u> | <u>1,128,486</u> | <u>6.85</u> |
| Treasury Bills | | | | | | |
| 565,000 | Canada Treasury Bill | 0.548% | 13-Jul-2017 | 563,981 | 563,981 | |
| 1,440,000 | Canada Treasury Bill | 0.525% | 10-Aug-2017 | 1,436,439 | 1,436,439 | |
| 1,215,000 | Canada Treasury Bill | 0.530% | 24-Aug-2017 | 1,211,151 | 1,211,151 | |
| 985,000 | Canada Treasury Bill | 0.516% | 7-Sep-2017 | 983,029 | 983,029 | |
| 1,505,000 | Canada Treasury Bill | 0.701% | 5-Oct-2017 | 1,501,139 | 1,501,139 | |
| 2,095,000 | Canada Treasury Bill | 0.699% | 19-Oct-2017 | 2,089,152 | 2,089,152 | |
| 830,000 | Canada Treasury Bill | 0.564% | 2-Nov-2017 | 827,747 | 827,747 | |
| 750,000 | Canada Treasury Bill | 0.551% | 16-Nov-2017 | 747,830 | 747,830 | |
| 1,470,000 | Canada Treasury Bill | 0.660% | 14-Dec-2017 | 1,465,383 | 1,465,383 | |
| 610,000 | Canada Treasury Bill | 0.701% | 11-Jan-2018 | 607,728 | 607,728 | |
| | | | | <u>11,433,579</u> | <u>11,433,579</u> | <u>69.44</u> |
| | | | | <u>15,804,840</u> | <u>15,804,840</u> | <u>95.99</u> |
| Total Investments | | | | <u>\$ 15,804,840</u> | <u>15,804,840</u> | <u>95.99</u> |
| Other Assets Less Liabilities | | | | | <u>660,359</u> | <u>4.01</u> |
| Net Assets Attributable to Holders of Redeemable Units | | | | | <u>\$ 16,465,199</u> | <u>100.00</u> |

Educators Mortgage & Income Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ - | \$ 78,907 |
| Interest receivable | 844,581 | 722,795 |
| Subscriptions receivable | 438,618 | 465,710 |
| Due from brokers | 263,813 | - |
| Forward contracts (Note 10) | 41,336 | - |
| Investments | <u>202,893,937</u> | <u>198,624,432</u> |
| Total assets | \$ <u>204,482,285</u> | \$ <u>199,891,844</u> |
| Liabilities | | |
| Current liabilities | | |
| Due to brokers | 269,500 | - |
| Bank overdraft | 22,497 | - |
| Redemptions payable | 340,956 | 269,283 |
| Distributions payable | 5,044 | 4,734 |
| Amounts due to Manager-Trustee (Note 6) | 197,973 | 192,833 |
| Forward contracts (Note 10) | <u>-</u> | <u>4,194</u> |
| Total liabilities | <u>835,970</u> | <u>471,044</u> |
| Net assets attributable to holders of redeemable units | \$ <u>203,646,315</u> | \$ <u>199,420,800</u> |
| Number of redeemable units outstanding (Note 3) | <u>17,996,732</u> | <u>17,566,363</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>11.32</u> | \$ <u>11.35</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators Mortgage & Income Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Income | | |
| Interest for distribution purposes | \$ 2,928,273 | \$ 3,154,207 |
| Security lending (Note 5) | 14,723 | 14,067 |
| Other changes in fair value of investments: | | |
| Net realized (loss) gain | (466,619) | 370,430 |
| Net realized (loss) gain on forward contracts | (14,265) | 137,920 |
| Net change in unrealized appreciation on forward contracts | 45,530 | 12,081 |
| Net change in unrealized (depreciation) appreciation | (244,972) | 54,559 |
| Total income | <u>2,262,670</u> | <u>3,743,264</u> |
| Expenses | | |
| Management fees (Note 6) | 1,106,314 | 1,108,159 |
| Independent review committee fees | 9,227 | 10,729 |
| Withholding taxes | 5,437 | 5,136 |
| Harmonised sales tax | 136,161 | 136,249 |
| | <u>1,257,139</u> | <u>1,260,273</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | (52,429) | (52,789) |
| Total expenses | <u>1,204,710</u> | <u>1,207,484</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 1,057,960</u> | <u>\$ 2,535,780</u> |
| Weighted average units outstanding during the period | <u>17,708,566</u> | <u>17,827,119</u> |
| Increase in net assets attributable to holders of redeemable units per unit | <u>\$ 0.06</u> | <u>\$ 0.14</u> |

Educators Mortgage & Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|-----------------------|-----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 199,420,800 | \$ 204,315,795 |
| Increase in net assets attributable to holders of redeemable units | 1,057,960 | 2,535,780 |
| Distributions to holders of redeemable units | | |
| From net investment income | (1,733,563) | (1,950,494) |
| Total distributions to holders of redeemable units | <u>(1,733,563)</u> | <u>(1,950,494)</u> |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 21,535,815 | 12,121,347 |
| Redemption of redeemable units | (18,338,320) | (17,453,111) |
| Reinvestments of distributions to holders of redeemable units | 1,703,623 | 1,915,070 |
| Net increase (decrease) from redeemable unit transactions | <u>4,901,118</u> | <u>(3,416,694)</u> |
| Net increase (decrease) in net assets attributable to holders of redeemable units | <u>4,225,515</u> | <u>(2,831,408)</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 203,646,315</u> | <u>\$ 201,484,387</u> |

See accompanying notes to the financial statements

Educators Mortgage & Income Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|--------------------|
| Cash Flow from Operating Activities | | |
| Increase in net assets attributable to holders of redeemable units | \$ 1,057,960 | \$ 2,535,780 |
| Adjustments for: | | |
| Net realized loss (gain) on sale of investments | 466,619 | (370,430) |
| Net change in unrealized depreciation (appreciation) in value of investments | 244,972 | (54,559) |
| Net change in unrealized appreciation on forward contracts | (45,530) | (12,081) |
| Purchase of investments | (72,373,213) | (74,166,744) |
| Proceeds from disposal of investments | 67,397,804 | 77,519,782 |
| Increase in interest receivable | (121,786) | (169,446) |
| Increase (decrease) in amounts due to Manager-Trustee | 5,140 | (10,295) |
| Cash (used) provided by operating activities | <u>(3,368,034)</u> | <u>5,272,007</u> |
| Cash Flow from Financing Activities | | |
| Proceeds from redeemable units issued | 21,562,907 | 11,783,993 |
| Redemption of redeemable units | (18,266,647) | (17,064,013) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (29,630) | (34,853) |
| Cash provided (used) by financing activities | <u>3,266,630</u> | <u>(5,314,873)</u> |
| Decrease in cash | \$ (101,404) | \$ (42,866) |
| Cash, beginning of period | \$ 78,907 | \$ 87,190 |
| (Bank overdraft) cash, end of period | \$ (22,497) | \$ 44,324 |
| Supplemental cash flow information: | | |
| Interest received | \$ 2,806,487 | \$ 2,984,761 |

See accompanying notes to the financial statements

Educators Mortgage & Income Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| Par Value or No. of Units | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-------------------------------|---|----------------|------------------|-------------------|-------------------|--|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 165,000 | Canadian Treasury Bill | 0.500% | 10-Aug-2017 | 164,774 | 164,774 | |
| 2,045,000 | Canadian Treasury Bill | 0.701% | 5-Oct-2017 | 2,041,272 | 2,041,272 | |
| | | | | <u>2,206,046</u> | <u>2,206,046</u> | 1.08 |
| Canadian Bonds | | | | | | |
| Asset-Backed | | | | | | |
| 1,875,000 | Canadian Mortgage Pools | 1.300% | 1-Aug-2021 | 1,765,123 | 1,749,319 | |
| 2,000,000 | Canadian Mortgage Pools | 1.370% | 1-Nov-2021 | 1,916,362 | 1,910,094 | |
| 1,730,000 | Canadian Mortgage Pools | 1.620% | 1-Mar-2022 | 1,693,376 | 1,684,658 | |
| 1,500,000 | Canadian Mortgage Pools | 1.420% | 1-Jun-2022 | 1,495,935 | 1,495,935 | |
| 1,925,000 | Institutional Mortgage Securities Canada Inc. | 1.936% | 12-Sep-2024 | 1,745,484 | 1,707,562 | |
| 1,200,000 | MCAP CMBS Issuer Corp. | 2.341% | 12-Apr-2054 | 941,655 | 936,209 | |
| 300,000 | MCAP CMBS Issuer Corp. | 2.804% | 12-Apr-2054 | 299,993 | 299,619 | |
| 300,000 | MCAP CMBS Issuer Corp. | 3.202% | 12-Apr-2054 | 299,994 | 299,940 | |
| 300,000 | MCAP CMBS Issuer Corp. | 3.600% | 12-Apr-2054 | 296,789 | 297,033 | |
| 2,710,000 | MCAP RMBS Issuer Corp. | 2.171% | 15-Apr-2019 | 1,530,677 | 1,526,829 | |
| 890,000 | Real Estate Asset Liquidity Trust | 1.856% | 12-Sep-2021 | 839,862 | 827,781 | |
| 2,075,000 | Real Estate Asset Liquidity Trust | 2.557% | 12-Oct-2049 | 1,927,489 | 1,937,483 | |
| | | | | <u>14,752,739</u> | <u>14,672,462</u> | 7.20 |
| Corporate Bonds | | | | | | |
| 520,000 | Anheuser-Busch InBev Finance Inc. | 2.600% | 15-May-2024 | 519,870 | 515,187 | |
| 1,530,000 | Bank of Montreal | 1.880% | 31-Mar-2021 | 1,542,138 | 1,525,774 | |
| 525,000 | Bank of Montreal | 3.340% | 8-Dec-2025 | 534,222 | 541,720 | |
| 620,000 | Bank of Montreal | 3.320% | 1-Jun-2026 | 619,913 | 639,371 | |
| 2,220,000 | Bank of Nova Scotia | 1.900% | 2-Dec-2021 | 2,229,708 | 2,201,697 | |
| 510,000 | Bank of Nova Scotia | 1.830% | 27-Apr-2022 | 509,806 | 502,240 | |
| 1,220,000 | bcIMC Realty Corp. | 2.150% | 11-Aug-2022 | 1,219,646 | 1,214,447 | |
| 290,000 | bcIMC Realty Corp. | 3.000% | 31-Mar-2027 | 290,000 | 295,421 | |
| 1,610,000 | Brookfield Asset Management Inc. | 5.300% | 1-Mar-2021 | 1,756,497 | 1,769,585 | |
| 1,100,000 | Brookfield Infrastructure Finance ULC | 3.452% | 11-Mar-2022 | 1,114,160 | 1,129,500 | |
| 900,000 | Bruce Power LP | 2.844% | 23-Jun-2021 | 926,936 | 916,944 | |
| 1,430,000 | Cameco Corp. | 5.670% | 2-Sep-2019 | 1,569,110 | 1,511,259 | |
| 1,540,000 | Canadian Imperial Bank of Commerce | 1.640% | 12-Jul-2021 | 1,538,066 | 1,518,957 | |
| 700,000 | Canadian Imperial Bank of Commerce | 3.420% | 26-Jan-2026 | 718,203 | 722,926 | |
| 2,170,000 | Canadian Natural Resources Ltd. | 3.310% | 11-Feb-2022 | 2,241,062 | 2,213,288 | |
| 2,020,000 | Canadian Western Bank | 3.077% | 14-Jan-2019 | 2,068,342 | 2,050,790 | |
| 240,000 | Canadian Western Bank | 2.377% | 23-Jan-2020 | 240,000 | 240,308 | |
| 675,000 | Canadian Western Bank | 2.751% | 29-Jun-2020 | 675,000 | 680,767 | |
| 620,000 | Canadian Western Bank | 2.737% | 16-Jun-2022 | 620,000 | 616,392 | |
| 500,000 | CDP Financial Inc. | 4.600% | 15-Jul-2020 | 517,360 | 542,890 | |
| 1,070,000 | Empire Life Insurance Co. | 3.383% | 16-Dec-2026 | 1,074,620 | 1,079,316 | |
| 250,000 | Enbridge Gas Distribution Inc. | 4.040% | 23-Nov-2020 | 275,913 | 267,736 | |
| 1,030,000 | Enbridge Income Fund | 4.100% | 22-Feb-2019 | 1,085,002 | 1,066,899 | |
| 620,000 | Equitable Bank | 2.241% | 17-Apr-2019 | 620,000 | 608,263 | |
| 675,000 | Equitable Group Inc. | 5.399% | 23-Oct-2017 | 675,000 | 663,555 | |
| 850,000 | First Capital Realty Inc. | 3.950% | 5-Dec-2022 | 898,238 | 895,130 | |
| 860,000 | Ford Credit Canada Co. | 2.710% | 23-Feb-2022 | 863,419 | 856,824 | |
| 1,920,000 | Ford Credit Canada Ltd. | 2.580% | 10-May-2021 | 1,920,475 | 1,918,120 | |
| 3,605,000 | Genworth MI Canada Inc. | 5.680% | 15-Jun-2020 | 4,099,780 | 3,875,644 | |
| 350,000 | Granite REIT Holdings LP | 3.873% | 30-Nov-2023 | 358,456 | 353,827 | |
| 235,000 | HCN Canadian Holdings-1 LP | 3.350% | 25-Nov-2020 | 235,875 | 243,085 | |
| 330,000 | Husky Energy Inc. | 5.000% | 12-Mar-2020 | 339,980 | 353,933 | |
| 1,500,000 | Intact Financial Corp. | 5.410% | 3-Sep-2019 | 1,552,890 | 1,615,161 | |
| 1,000,000 | Inter Pipeline Ltd. | 3.448% | 20-Jul-2020 | 1,052,625 | 1,038,558 | |
| 300,000 | Manufacturers Life Insurance Co. | 2.100% | 1-Jun-2025 | 298,650 | 300,535 | |
| 1,025,000 | National Bank of Canada | 1.809% | 26-Jul-2021 | 1,017,835 | 1,015,859 | |
| 1,075,000 | Pembina Pipeline Corp. | 3.770% | 24-Oct-2022 | 1,145,200 | 1,128,868 | |
| 2,280,000 | Royal Bank of Canada | 3.310% | 20-Jan-2026 | 2,318,756 | 2,346,727 | |
| 2,250,000 | Saputo Inc. | 2.196% | 23-Jun-2021 | 2,249,823 | 2,255,989 | |
| 270,000 | Saputo Inc. | 1.939% | 13-Jun-2022 | 270,000 | 265,389 | |
| 700,000 | Sun Life Financial Inc., Floating Rate Note | 2.600% | 25-Sep-2025 | 708,163 | 709,152 | |
| 1,880,000 | Suncor Energy Inc. | 3.100% | 26-Nov-2021 | 1,971,841 | 1,944,734 | |
| 1,950,000 | TMX Group Ltd. | 4.461% | 3-Oct-2023 | 2,150,577 | 2,121,675 | |
| 1,525,000 | Toronto-Dominion Bank | 2.692% | 24-Jun-2025 | 1,530,438 | 1,542,300 | |
| 1,040,000 | Toronto-Dominion Bank, Floating Rate Note | 2.982% | 30-Sep-2025 | 1,031,467 | 1,060,808 | |

Educators Mortgage & Income Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| Par Value or No. of Units | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|------------------------------|---|----------------|------------------|-----------------|----------------|--|
| 1,800,000 | WestJet Airlines Ltd. | 3.287% | 23-Jul-2019 | 1,813,731 | 1,830,305 | |
| | | | | 53,008,793 | 52,707,855 | 25.88 |
| | Government Bonds | | | | | |
| 1,500,000 | Canada Housing Trust No. 1 | 2.050% | 15-Jun-2018 | 1,522,125 | 1,514,547 | |
| 4,000,000 | Canada Housing Trust No. 1 | 2.250% | 15-Dec-2025 | 4,103,044 | 4,041,020 | |
| 8,025,000 | Canada Housing Trust No. 1 | 1.900% | 15-Sep-2026 | 8,003,894 | 7,837,316 | |
| 2,150,000 | Province of Alberta | 2.200% | 1-Jun-2026 | 2,104,620 | 2,105,421 | |
| 1,110,000 | PSP Capital Inc. | 1.730% | 21-Jun-2022 | 1,110,000 | 1,098,816 | |
| | | | | 16,843,683 | 16,597,120 | 8.15 |
| | | | | 84,605,215 | 83,977,437 | 41.23 |
| | Canadian Mutual Funds | | | | | |
| 303,624 | HSBC Global High Yield Bond Pooled Fund | | | 2,538,265 | 2,535,288 | |
| 335,447 | HSBC Emerging Markets Debt Fund, Institutional Series | | | 3,456,959 | 3,503,677 | |
| 8,246,667 | HSBC Mortgage Fund, Institutional Series | | | 88,046,153 | 87,934,213 | |
| | | | | 94,041,377 | 93,973,178 | 46.15 |
| | Foreign Bonds | | | | | |
| | Korea | | | | | |
| 480,000 | Export-Import Bank of Korea | 1.927% | 24-Feb-2020 | 480,446 | 482,318 | 0.24 |
| | United Kingdom | | | | | |
| 2,120,000 | Aviva PLC | 4.500% | 10-May-2021 | 2,209,142 | 2,251,376 | |
| 2,645,000 | BAA Funding Ltd. | 4.000% | 3-Jul-2019 | 2,711,922 | 2,757,823 | |
| 2,230,000 | BP Capital Markets PLC | 3.497% | 9-Nov-2020 | 2,270,126 | 2,333,048 | |
| | | | | 7,191,190 | 7,342,247 | 3.61 |
| | United States | | | | | |
| 2,810,000 | AT&T Inc. | 3.825% | 25-Nov-2020 | 2,871,762 | 2,941,046 | |
| 1,950,000 | Citigroup Inc. | 3.390% | 18-Nov-2021 | 2,025,810 | 2,025,128 | |
| 380,000 | Citigroup Inc. | 4.650% | 11-Oct-2022 | 379,050 | 383,408 | |
| 250,000 | Goldman Sachs Group Inc. | 3.550% | 12-Feb-2021 | 264,124 | 260,697 | |
| 1,740,000 | Goldman Sachs Group Inc. | 2.433% | 26-Apr-2023 | 1,740,000 | 1,722,511 | |
| 775,000 | JPMorgan Chase & Co. | 1.855% | 22-Feb-2021 | 803,833 | 777,325 | |
| 3,200,000 | Merrill Lynch & Co. Inc. | 1.814% | 30-May-2022 | 3,250,509 | 3,176,320 | |
| 1,000,000 | Morgan Stanley | 3.125% | 5-Aug-2021 | 1,041,025 | 1,029,343 | |
| 825,000 | QVC Inc. | 4.850% | 1-Apr-2024 | 914,999 | 1,096,489 | |
| 1,500,000 | Wells Fargo & Co. | 2.222% | 15-Mar-2021 | 1,515,690 | 1,500,444 | |
| | | | | 14,806,802 | 14,912,711 | 7.32 |
| | | | | 22,478,438 | 22,737,276 | 11.17 |
| | Total Investments | | | 203,331,076 | 202,893,937 | 99.63 |
| | Other Assets Less Liabilities | | | | 752,378 | 0.37 |
| | Net Assets Attributable to Holders of Redeemable Units | | | | \$ 203,646,315 | 100.00 |

Educators Bond Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|---------------------|----------------------|
| Assets | | |
| Current assets | | |
| Interest receivable | \$ 67,885 | \$ - |
| Subscriptions receivable | 2,126 | 18,755 |
| Investments | 9,910,913 | 10,143,665 |
| Total assets | \$ 9,980,924 | \$ 10,162,420 |
| Liabilities | | |
| Current liabilities | | |
| Bank overdraft | - | 5,786 |
| Redemptions payable | 17,509 | 6,172 |
| Distributions payable | - | 77 |
| Amounts due to Manager-Trustee (Note 6) | 10,310 | 10,318 |
| Total liabilities | 27,819 | 22,353 |
| Net assets attributable to holders of redeemable units | \$ 9,953,105 | \$ 10,140,067 |
| Number of redeemable units outstanding (Note 3) | 1,004,682 | 1,032,691 |
| Net assets attributable to holders of redeemable units per unit | \$ 9.91 | \$ 9.82 |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators Bond Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Income | | |
| Interest for distribution purposes | \$ 144,375 | \$ 143,637 |
| Other changes in fair value of investments: | | |
| Net realized loss | (20,794) | (8,223) |
| Net change in unrealized appreciation | 111,963 | 234,462 |
| Total income | 235,544 | 369,876 |
| Expenses | | |
| Management fees (Note 6) | 55,429 | 48,325 |
| Independent review committee fees | 460 | 474 |
| Harmonised sales tax | 7,083 | 6,175 |
| Total expenses | 62,972 | 54,974 |
| | | |
| Increase in net assets attributable to holders of redeemable units | \$ 172,572 | \$ 314,902 |
| | | |
| Weighted average units outstanding during the period | 1,017,439 | 887,485 |
| | | |
| Increase in net assets attributable to holders of redeemable units per unit | \$ 0.17 | \$ 0.35 |

Educators Bond Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 10,140,067 | \$ 8,903,452 |
| Increase in net assets attributable to holders of redeemable units | 172,572 | 314,902 |
| Distributions to holders of redeemable units | | |
| From net investment income | (81,395) | (88,084) |
| Total distributions to holders of redeemable units | (81,395) | (88,084) |
| | | |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 416,201 | 229,741 |
| Redemption of redeemable units | (775,831) | (463,304) |
| Reinvestments of distributions to holders of redeemable units | 81,491 | 87,968 |
| Net increase from redeemable unit transactions | (278,139) | (145,595) |
| | | |
| Net (decrease) increase in net assets attributable to holders of redeemable units | (186,962) | 81,223 |
| | | |
| Net assets attributable to holders of redeemable units, end of period | \$ 9,953,105 | \$ 8,984,675 |

Educators Bond Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | | 2016 |
|--|------------|----|-----------|
| Cash Flow from Operating Activities | | | |
| Increase in net assets attributable to holders of redeemable units | \$ 172,572 | \$ | 314,902 |
| Adjustments for: | | | |
| Net realized loss on sale of investments | 20,794 | | 8,223 |
| Net change in unrealized appreciation in value of investments | (111,963) | | (234,462) |
| Purchase of investments | (339,700) | | (191,806) |
| Proceeds from disposal of investments | 663,621 | | 405,022 |
| Increase in interest receivable | (67,885) | | (63,144) |
| Decrease in amounts due to Manager-Trustee | (8) | | (578) |
| Cash provided by operating activities | 337,431 | | 238,157 |
| Cash Flow from Financing Activities | | | |
| Proceeds from redeemable units issued | 432,830 | | 225,868 |
| Redemption of redeemable units | (764,494) | | (464,200) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | 19 | | (58) |
| Cash used by financing activities | (331,645) | | (238,390) |
| Increase (decrease) in cash | \$ 5,786 | \$ | (233) |
| Bank overdraft, beginning of period | \$ (5,786) | \$ | - |
| Bank overdraft, end of period | \$ - | \$ | (233) |

Educators Bond Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units | Description | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|--------------|---|----------------------|---------------------|--|
| | Canadian Mutual Funds | | | |
| 808,447 | Beutal Goodman Income Fund, Class I | 10,247,681 | 9,910,913 | 99.58 |
| | Total Investments | <u>\$ 10,247,681</u> | 9,910,913 | 99.58 |
| | Other Assets Less Liabilities | | 42,192 | 0.42 |
| | Net Assets Attributable to Holders of Redeemable Units | | <u>\$ 9,953,105</u> | 100.00 |

Educators Balanced Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Interest and dividends receivable | \$ 541,306 | \$ 469,758 |
| Subscriptions receivable | 620,158 | 514,269 |
| Due from brokers | 4,390,743 | 719,630 |
| Investments | <u>222,178,087</u> | <u>201,506,513</u> |
| Total assets | \$ <u>227,730,294</u> | \$ <u>203,210,170</u> |
| Liabilities | | |
| Current liabilities | | |
| Bank overdraft | 22,518 | 6,501 |
| Due to brokers | 4,650,004 | 482,642 |
| Redemptions payable | 366,889 | 197,938 |
| Distributions payable | - | 38,556 |
| Amounts due to Manager-Trustee (Note 6) | <u>355,271</u> | <u>316,058</u> |
| Total liabilities | <u>5,394,682</u> | <u>1,041,695</u> |
| Net assets attributable to holders of redeemable units | \$ <u>222,335,612</u> | \$ <u>202,168,475</u> |
| Number of redeemable units outstanding (Note 3) | <u>11,744,586</u> | <u>11,162,886</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>18.93</u> | \$ <u>18.11</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators Balanced Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Income | | |
| Interest for distribution purposes | \$ 900,939 | \$ 786,863 |
| Dividends | 903,958 | 1,097,862 |
| Securities lending (Note 5) | 7,888 | 8,950 |
| Other changes in fair value of investments: | | |
| Net realized gain | 2,456,136 | 463,585 |
| Net change in unrealized appreciation | 7,021,962 | 2,860,392 |
| | <u>11,290,883</u> | <u>5,217,652</u> |
| Expenses | | |
| Management fees (Note 6) | 1,885,351 | 1,565,712 |
| Independent review committee fees | 10,046 | 9,648 |
| Transaction costs | 11,464 | 4,665 |
| Withholding taxes | 361 | 2,312 |
| Harmonised sales tax | 236,184 | 196,114 |
| | <u>2,143,406</u> | <u>1,778,451</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | <u>(54,464)</u> | <u>(45,450)</u> |
| Total expenses | <u>2,088,942</u> | <u>1,733,001</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 9,201,941</u> | <u>\$ 3,484,651</u> |
| Weighted average units outstanding during the period | <u>11,460,213</u> | <u>10,578,337</u> |
| Increase in net assets attributable to holders of redeemable units per unit | <u>\$ 0.80</u> | <u>\$ 0.33</u> |

Educators Balanced Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 202,168,475 | \$ 180,770,963 |
| Increase in net assets attributable to holders of redeemable units | 9,201,941 | 3,484,651 |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 22,399,926 | 9,914,485 |
| Redemption of redeemable units | (11,439,201) | (9,401,506) |
| Reinvestments of distributions to holders of redeemable units | 4,471 | 820 |
| Net increase from redeemable unit transactions | <u>10,965,196</u> | <u>513,799</u> |
| Net increase in net assets attributable to holders of redeemable units | <u>20,167,137</u> | <u>3,998,450</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 222,335,612</u> | <u>\$ 184,769,413</u> |

See accompanying notes to the financial statements

Educators Balanced Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|--------------------|
| Cash Flow from Operating Activities | | |
| Increase in net assets attributable to holders of redeemable units | \$ 9,201,941 | \$ 3,484,651 |
| Adjustments for: | | |
| Net realized gain on sale of investments | (2,456,136) | (463,585) |
| Net change in unrealized appreciation in value of investments | (7,021,962) | (2,860,392) |
| Purchase of investments | (107,976,559) | (92,946,497) |
| Proceeds from disposal of investments | 97,279,332 | 91,921,606 |
| Increase in interest and dividends receivable | (71,548) | (53,262) |
| Increase (decrease) in amounts due to Manager-Trustee | 39,213 | (3,725) |
| Cash used by operating activities | <u>(11,005,719)</u> | <u>(921,204)</u> |
| Cash Flow from Financing Activities | | |
| Proceeds from redeemable units issued | 22,294,037 | 9,991,388 |
| Redemption of redeemable units | (11,270,250) | (9,107,520) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (34,085) | (23,129) |
| Cash provided by financing activities | <u>10,989,702</u> | <u>860,739</u> |
| Decrease in cash | \$ <u>(16,017)</u> | \$ <u>(60,465)</u> |
| (Bank overdraft) cash, beginning of period | \$ <u>(6,501)</u> | \$ <u>331,827</u> |
| (Bank overdraft) cash, end of period | \$ <u>(22,518)</u> | \$ <u>271,362</u> |
| Supplemental cash flow information: | | |
| Dividends received, net of withholding taxes | \$ 881,514 | \$ 1,064,075 |
| Interest received | \$ 852,601 | \$ 766,894 |

Educators Balanced Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|--|----------------|------------------|------------------|------------------|---|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 150,000 | Canadian Treasury Bill | 0.583% | 10-Aug-2017 | 149,900 | 149,900 | |
| 1,550,000 | Canadian Treasury Bill | 0.521% | 24-Aug-2017 | 1,547,982 | 1,547,982 | |
| 1,375,000 | Canadian Treasury Bill | 0.531% | 7-Sep-2017 | 1,373,290 | 1,373,290 | |
| 200,000 | Canadian Treasury Bill | 0.697% | 21-Sep-2017 | 199,688 | 199,688 | |
| | | | | 3,270,860 | 3,270,860 | 1.47 |
| Canadian Bonds | | | | | | |
| Asset-Backed | | | | | | |
| 478,000 | Canadian Mortgage Pools | 1.620% | 1-Mar-2022 | 469,762 | 465,472 | |
| 796,000 | Canadian Mortgage Pools | 1.420% | 1-Jun-2022 | 793,356 | 793,843 | |
| | | | | 1,263,118 | 1,259,315 | 0.57 |
| Corporate Bonds | | | | | | |
| 231,000 | Alectra Inc. | 2.488% | 17-May-2027 | 231,000 | 227,613 | |
| 90,000 | AltaGas Ltd. | 4.070% | 1-Jun-2020 | 95,683 | 94,692 | |
| 186,000 | AltaGas Ltd. | 3.720% | 28-Sep-2021 | 195,236 | 194,808 | |
| 139,000 | AltaGas Ltd. | 3.840% | 15-Jan-2025 | 139,764 | 145,168 | |
| 243,000 | AltaLink LP | 3.717% | 3-Dec-2046 | 241,403 | 254,047 | |
| 1,296,000 | Bank of Montreal | 2.100% | 6-Oct-2020 | 1,317,432 | 1,307,037 | |
| 1,561,000 | Bank of Montreal | 1.880% | 31-Mar-2021 | 1,575,541 | 1,556,689 | |
| 971,000 | Bank of Montreal | 1.610% | 28-Oct-2021 | 964,604 | 953,426 | |
| 764,000 | Bank of Nova Scotia | 2.130% | 15-Jun-2020 | 777,327 | 770,984 | |
| 38,000 | Bank of Nova Scotia | 1.830% | 27-Apr-2022 | 38,031 | 37,422 | |
| 876,000 | Bank of Nova Scotia | 2.290% | 28-Jun-2024 | 875,947 | 868,178 | |
| 1,818,000 | Bell Canada Inc. | 4.400% | 16-Mar-2018 | 1,857,393 | 1,855,146 | |
| 329,000 | Bell Canada Inc. | 2.000% | 1-Oct-2021 | 328,595 | 325,678 | |
| 478,000 | Bell Canada Inc. | 2.700% | 27-Feb-2024 | 477,455 | 478,118 | |
| 605,000 | Brookfield Infrastructure Finance ULC | 3.315% | 22-Feb-2024 | 610,496 | 608,525 | |
| 309,000 | Canadian Imperial Bank of Commerce | 1.850% | 14-Jul-2020 | 309,667 | 309,554 | |
| 867,000 | Canadian Imperial Bank of Commerce | 1.900% | 26-Apr-2021 | 870,435 | 865,420 | |
| 594,000 | Canadian Imperial Bank of Commerce | 2.040% | 21-Mar-2022 | 599,917 | 592,231 | |
| 292,000 | Canadian Imperial Bank of Commerce | 3.000% | 28-Oct-2024 | 298,605 | 297,361 | |
| 751,000 | Canadian Natural Resources Ltd. | 2.050% | 1-Jun-2020 | 750,827 | 744,739 | |
| 3,000 | Centra Gas Ontario Inc. | 8.650% | 19-Oct-2018 | 3,466 | 3,248 | |
| 2,000 | CIBC Capital Trust, Floating Rate Note | 9.976% | 30-Jun-2108 | 2,402 | 2,288 | |
| 205,000 | CU Inc. | 3.763% | 19-Nov-2046 | 205,000 | 218,351 | |
| 125,000 | CU Inc. | 4.947% | 18-Nov-2050 | 153,984 | 159,849 | |
| 73,000 | CU Inc. | 3.857% | 14-Nov-2052 | 68,737 | 77,828 | |
| 54,000 | CU Inc. | 4.558% | 7-Nov-2053 | 62,532 | 65,188 | |
| 11,000 | Emera Inc. | 2.900% | 16-Jun-2023 | 11,000 | 11,149 | |
| 35,000 | Enbridge Gas Distribution Inc. | 9.850% | 2-Dec-2024 | 52,675 | 50,507 | |
| 165,000 | Enbridge Gas Distribution Inc. | 7.600% | 29-Oct-2026 | 227,894 | 226,127 | |
| 69,000 | Enbridge Gas Distribution Inc. | 6.900% | 15-Nov-2032 | 97,368 | 97,665 | |
| 242,000 | Enbridge Gas Distribution Inc. | 4.950% | 22-Nov-2050 | 268,133 | 307,056 | |
| 295,000 | Enbridge Pipelines Inc. | 6.350% | 17-Nov-2023 | 361,548 | 354,120 | |
| 72,000 | Enbridge Pipelines Inc. | 8.200% | 15-Feb-2024 | 94,976 | 94,373 | |
| 126,000 | Enbridge Pipelines Inc. | 4.130% | 9-Aug-2046 | 128,605 | 131,164 | |
| 75,000 | FortisAlberta Inc. | 3.340% | 21-Sep-2046 | 74,195 | 72,904 | |
| 54,000 | FortisAlberta Inc. | 4.800% | 27-Oct-2050 | 63,364 | 67,544 | |
| 44,000 | FortisBC Energy Inc. | 6.950% | 21-Sep-2029 | 57,640 | 61,545 | |
| 87,000 | FortisBC Energy Inc. | 6.500% | 1-May-2034 | 121,200 | 121,282 | |
| 108,000 | FortisBC Energy Inc. | 5.900% | 26-Feb-2035 | 140,550 | 142,187 | |
| 52,000 | FortisBC Inc. | 5.000% | 24-Nov-2050 | 63,377 | 66,570 | |
| 328,000 | Husky Energy Inc. | 3.600% | 10-Mar-2027 | 327,292 | 327,042 | |
| 567,000 | Inter Pipeline Ltd. | 2.608% | 13-Sep-2023 | 565,253 | 561,832 | |
| 618,000 | Inter Pipeline Ltd. | 2.734% | 18-Apr-2024 | 620,305 | 613,103 | |
| 86,000 | Lower Mattagami Energy LP | 2.307% | 21-Oct-2026 | 85,999 | 83,987 | |

Educators Balanced Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---------------------------------|----------------|------------------|-----------------|---------------|---|
| 111,000 | Lower Mattagami Energy LP | 4.176% | 23-Feb-2046 | 118,000 | 125,007 | |
| 342,000 | North West Redwater Partnership | 2.800% | 1-Jun-2027 | 341,218 | 335,768 | |
| 82,000 | North West Redwater Partnership | 3.650% | 1-Jun-2035 | 81,945 | 82,808 | |
| 200,000 | Nova Scotia Power Inc. | 6.950% | 25-Aug-2033 | 285,728 | 283,906 | |
| 628,000 | Royal Bank of Canada | 1.015% | 30-Jul-2018 | 628,000 | 628,157 | |
| 1,404,000 | Royal Bank of Canada | 1.920% | 17-Jul-2020 | 1,409,300 | 1,408,364 | |
| 970,000 | Royal Bank of Canada | 2.030% | 15-Mar-2021 | 977,050 | 971,999 | |
| 640,000 | Royal Bank of Canada | 2.000% | 21-Mar-2022 | 641,371 | 635,841 | |
| 658,000 | Royal Bank of Canada | 3.040% | 17-Jul-2024 | 673,008 | 669,786 | |
| 225,000 | Royal Bank of Canada | 3.310% | 20-Jan-2026 | 229,312 | 231,585 | |
| 781,000 | Toronto-Dominion Bank | 2.563% | 24-Jun-2020 | 805,784 | 798,552 | |
| 971,000 | Toronto-Dominion Bank | 2.045% | 8-Mar-2021 | 979,261 | 974,627 | |
| 778,000 | Toronto-Dominion Bank | 1.994% | 23-Mar-2022 | 780,464 | 774,712 | |
| 707,000 | Toronto-Dominion Bank | 1.909% | 18-Jul-2023 | 700,912 | 692,326 | |
| 576,000 | Toronto-Dominion Bank | 2.692% | 24-Jun-2025 | 585,919 | 582,534 | |
| 205,000 | TransCanada PipeLines Ltd. | 3.690% | 19-Jul-2023 | 218,536 | 219,302 | |
| 579,000 | TransCanada PipeLines Ltd. | 8.290% | 5-Feb-2026 | 805,666 | 787,765 | |
| 29,000 | TransCanada PipeLines Ltd. | 7.310% | 15-Jan-2027 | 37,810 | 38,448 | |
| 147,000 | TransCanada PipeLines Ltd. | 7.900% | 15-Apr-2027 | 199,528 | 202,853 | |
| 140,000 | TransCanada PipeLines Ltd. | 6.280% | 26-May-2028 | 174,804 | 173,627 | |
| 68,000 | TransCanada PipeLines Ltd. | 8.210% | 25-Apr-2030 | 97,668 | 96,253 | |
| 22,000 | TransCanada PipeLines Ltd. | 8.230% | 16-Jan-2031 | 31,511 | 31,571 | |
| 41,000 | TransCanada PipeLines Ltd. | 4.350% | 6-Jun-2046 | 41,797 | 44,733 | |
| 233,000 | TransCanada Trust. | 4.650% | 18-May-2077 | 233,000 | 234,314 | |
| 147,000 | Union Gas Ltd. | 8.650% | 10-Nov-2025 | 211,279 | 209,514 | |
| 94,000 | Union Gas Ltd. | 2.810% | 1-Jun-2026 | 94,954 | 95,578 | |
| 248,000 | Union Gas Ltd. | 5.200% | 23-Jul-2040 | 309,798 | 316,369 | |
| 76,000 | Westcoast Energy Inc. | 8.500% | 4-Sep-2018 | 83,001 | 81,575 | |
| 172,000 | Westcoast Energy Inc. | 5.600% | 16-Jan-2019 | 185,817 | 181,595 | |
| 154,000 | Westcoast Energy Inc. | 9.900% | 10-Jan-2020 | 189,938 | 181,727 | |
| 279,000 | Westcoast Energy Inc. | 4.570% | 2-Jul-2020 | 302,350 | 298,468 | |
| 209,000 | Westcoast Energy Inc. | 3.883% | 28-Oct-2021 | 221,073 | 222,028 | |
| 41,000 | Westcoast Energy Inc. | 8.850% | 21-Jul-2025 | 56,417 | 56,836 | |
| 334,000 | Westcoast Energy Inc. | 7.300% | 18-Dec-2026 | 433,278 | 434,288 | |
| 96,000 | Westcoast Energy Inc. | 7.150% | 20-Mar-2031 | 126,566 | 127,393 | |
| | | | | 29,704,916 | 29,633,954 | 13.33 |
| Government Bonds | | | | | | |
| 276,000 | Canada Housing Trust No. 1 | 1.950% | 15-Jun-2019 | 285,229 | 279,796 | |
| 3,513,000 | Canadian Government Bond | 1.250% | 1-Aug-2017 | 3,515,213 | 3,514,832 | |
| 3,509,000 | Canadian Government Bond | 0.750% | 1-May-2019 | 3,505,090 | 3,487,456 | |
| 1,153,000 | Canadian Government Bond | 0.500% | 1-Mar-2022 | 1,114,122 | 1,107,572 | |
| 154,000 | Canadian Government Bond | 2.750% | 1-Jun-2022 | 166,003 | 163,823 | |
| 163,000 | Canadian Government Bond | 2.500% | 1-Jun-2024 | 173,569 | 173,032 | |
| 3,590,000 | Canadian Government Bond | 2.750% | 1-Dec-2048 | 4,109,346 | 4,098,626 | |
| 391,000 | Province of Alberta | 2.200% | 1-Jun-2026 | 382,070 | 382,893 | |
| 116,000 | Province of Alberta | 3.050% | 1-Dec-2048 | 115,977 | 115,935 | |
| 886,000 | Province of Alberta | 2.350% | 1-Jun-2025 | 888,951 | 885,807 | |
| 322,000 | Province of Alberta | 2.550% | 1-Jun-2027 | 325,407 | 322,311 | |
| 233,000 | Province of Alberta | 3.500% | 1-Jun-2031 | 245,584 | 251,127 | |
| 46,000 | Province of Alberta | 3.900% | 1-Dec-2033 | 50,904 | 51,877 | |
| 609,000 | Province of British Columbia | 3.700% | 18-Dec-2020 | 661,660 | 652,427 | |
| 119,000 | Province of British Columbia | 2.850% | 18-Jun-2025 | 124,695 | 124,199 | |
| 261,000 | Province of British Columbia | 2.550% | 18-Jun-2027 | 267,272 | 264,279 | |
| 513,000 | Province of British Columbia | 6.350% | 18-Jun-2031 | 750,950 | 731,809 | |
| 337,000 | Province of British Columbia | 2.800% | 18-Jun-2048 | 305,873 | 331,002 | |
| 168,000 | Province of Manitoba | 2.450% | 2-Jun-2025 | 167,990 | 169,263 | |
| 42,000 | Province of Manitoba | 3.750% | 5-Sep-2033 | 46,885 | 46,134 | |
| 347,000 | Province of Manitoba | 3.300% | 2-Jun-2024 | 374,801 | 370,620 | |
| 153,000 | Province of Manitoba | 4.400% | 5-Sep-2025 | 178,813 | 175,546 | |

Educators Balanced Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|------------------------------------|----------------|------------------|-----------------|---------------|---|
| 26,000 | Province of Manitoba | 4.700% | 5-Mar-2050 | 34,026 | 34,437 | |
| 1,845,000 | Province of Ontario | 4.200% | 2-Jun-2020 | 2,036,422 | 1,985,371 | |
| 1,004,000 | Province of Ontario | 2.850% | 2-Jun-2023 | 1,065,871 | 1,047,803 | |
| 1,488,000 | Province of Ontario | 3.500% | 2-Jun-2024 | 1,641,456 | 1,612,722 | |
| 1,461,000 | Province of Ontario | 2.600% | 2-Jun-2025 | 1,492,376 | 1,492,739 | |
| 132,000 | Province of Ontario | 6.500% | 8-Mar-2029 | 187,803 | 183,403 | |
| 1,302,000 | Province of Ontario | 6.200% | 2-Jun-2031 | 1,848,397 | 1,825,619 | |
| 383,000 | Province of Ontario | 4.650% | 2-Jun-2041 | 500,254 | 494,645 | |
| 1,511,000 | Province of Ontario | 4.000% | 2-Jun-2021 | 1,680,275 | 1,639,964 | |
| 85,000 | Province of Ontario | 4.250% | 1-Dec-2021 | 96,721 | 93,710 | |
| 375,000 | Province of Ontario | 3.150% | 2-Jun-2022 | 400,871 | 396,851 | |
| 626,000 | Province of Ontario | 2.900% | 2-Dec-2046 | 623,065 | 618,676 | |
| 2,583,000 | Province of Ontario | 2.800% | 2-Jun-2048 | 2,510,591 | 2,512,697 | |
| 333,000 | Province of Quebec | 4.500% | 1-Dec-2019 | 362,211 | 357,390 | |
| 905,000 | Province of Quebec | 4.500% | 1-Dec-2020 | 1,004,985 | 991,727 | |
| 589,000 | Province of Quebec | 2.500% | 1-Sep-2026 | 598,306 | 594,800 | |
| 1,012,000 | Province of Quebec | 2.750% | 1-Sep-2027 | 1,015,194 | 1,038,970 | |
| 1,861,000 | Province of Quebec | 3.500% | 1-Dec-2048 | 2,083,794 | 2,081,259 | |
| 98,000 | Province of Saskatchewan | 5.800% | 5-Sep-2033 | 133,869 | 135,173 | |
| | | | | 37,072,891 | 36,838,322 | 16.57 |
| | | | | 68,040,925 | 67,731,591 | 30.47 |
| Canadian Common Stocks | | | | | | |
| Consumer Discretionary | | | | | | |
| 16,053 | Canadian Tire Corp Ltd. | | | 1,740,580 | 2,368,781 | |
| 53,490 | Magna International Inc. | | | 2,231,525 | 3,213,144 | |
| 39,500 | Quebecor Inc. | | | 1,122,759 | 1,695,340 | |
| | | | | 5,094,864 | 7,277,265 | 3.27 |
| Consumer Staples | | | | | | |
| 7,650 | Loblaw Cos Ltd. | | | 409,094 | 551,871 | |
| 15,300 | Metro Inc. | | | 411,129 | 653,004 | |
| 13,570 | Molson Coors Canada Inc. | | | 983,104 | 1,521,468 | |
| | | | | 1,803,327 | 2,726,343 | 1.23 |
| Energy | | | | | | |
| 100,360 | Cameco Corp. | | | 1,702,501 | 1,185,252 | |
| 78,500 | Canadian Natural Resources Ltd. | | | 2,651,948 | 2,937,470 | |
| 176,240 | Cenovus Energy Inc. | | | 4,130,563 | 1,684,853 | |
| 2,900 | Suncor Energy Inc. | | | 126,226 | 109,881 | |
| | | | | 8,611,238 | 5,917,456 | 2.66 |
| Financials | | | | | | |
| 61,500 | Bank of Nova Scotia | | | 3,556,691 | 4,797,615 | |
| 68,270 | Brookfield Asset Management Inc. | | | 2,669,950 | 3,474,260 | |
| 25,500 | Canadian Imperial Bank of Commerce | | | 2,375,384 | 2,687,444 | |
| 66,300 | Great-West Lifeco Inc. | | | 2,110,049 | 2,330,445 | |
| 6,850 | IGM Financial Inc. | | | 327,768 | 275,507 | |
| 33,600 | Manulife Financial Corp. | | | 609,901 | 816,816 | |
| 3,900 | Onex Corp. | | | 198,078 | 404,859 | |
| 72,600 | Royal Bank of Canada | | | 4,939,263 | 6,836,016 | |
| 32,900 | Sun Life Financial Inc. | | | 1,585,775 | 1,525,244 | |
| 19,400 | Thomson Reuters Corp. | | | 809,226 | 1,164,776 | |
| 100,000 | Toronto-Dominion Bank | | | 4,479,389 | 6,535,000 | |
| 1 | Trisura Group Ltd. | | | 18 | 22 | |
| | | | | 23,661,492 | 30,848,004 | 13.87 |
| Industrials | | | | | | |
| 24,980 | Canadian National Railway Co. | | | 1,395,613 | 2,628,396 | |
| 6,600 | Canadian Pacific Railway Ltd. | | | 1,224,406 | 1,377,090 | |

Educators Balanced Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---|----------------|------------------|-----------------------|-----------------------|---|
| 54,030 | Finning International Inc. | | | 1,305,196 | 1,373,443 | |
| 28,320 | SNC-Lavalin Group Inc. | | | 1,304,964 | 1,587,902 | |
| | | | | <u>5,230,179</u> | <u>6,966,831</u> | 3.13 |
| | Information Technology | | | | | |
| 45,282 | Open Text Corp. | | | 1,263,422 | 1,853,392 | |
| | | | | <u>1,263,422</u> | <u>1,853,392</u> | 0.83 |
| | Materials | | | | | |
| 17,310 | Agrium Inc. | | | 2,028,305 | 2,034,444 | |
| 9,100 | Franco-Nevada Corp. | | | 701,105 | 851,487 | |
| 36,000 | Potash Corp. of Saskatchewan Inc. | | | 1,138,461 | 761,400 | |
| | | | | <u>3,867,871</u> | <u>3,647,331</u> | 1.64 |
| | Telecommunication Services | | | | | |
| 64,150 | Rogers Communications Inc. | | | 2,975,667 | 3,929,187 | |
| 48,100 | TELUS Corp. | | | 1,746,797 | 2,153,437 | |
| | | | | <u>4,722,464</u> | <u>6,082,624</u> | 2.74 |
| | | | | <u>54,254,857</u> | <u>65,319,246</u> | 29.37 |
| | Canadian Mutual Funds | | | | | |
| 2,191,361 | Beutel Goodman American Equity Fund, Class I | | | 28,905,134 | 37,579,424 | |
| 6,983,564 | Beutel Goodman International Equity Fund, Class I | | | 36,159,397 | 42,450,992 | |
| 180,469 | Beutel Goodman Small Cap Fund, Class I | | | 4,416,713 | 5,825,974 | |
| | | | | <u>69,481,244</u> | <u>85,856,390</u> | 38.62 |
| | Total Investments | | | 195,047,886 | 222,178,087 | 99.93 |
| | Transaction Costs | | | (37,843) | | |
| | Net Investments | | | <u>\$ 195,010,043</u> | 222,178,087 | 99.93 |
| | Other Assets Less Liabilities | | | | 157,525 | 0.07 |
| | Net Assets Attributable to Holders of Redeemable Units | | | | <u>\$ 222,335,612</u> | 100.00 |

Educators Monthly Income Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 12,249 | \$ 69,264 |
| Interest and dividends receivable | 189,331 | 173,610 |
| Subscriptions receivable | 104,415 | 44,665 |
| Due from brokers | 1,018,566 | 181,484 |
| Investments | <u>60,220,781</u> | <u>54,502,534</u> |
| Total assets | \$ <u>61,545,342</u> | \$ <u>54,971,557</u> |
| Liabilities | | |
| Current liabilities | | |
| Due to brokers | 1,124,871 | 156,260 |
| Redemptions payable | 61,763 | 25,194 |
| Distributions payable | 10,975 | 10,728 |
| Amounts due to Manager-Trustee (Note 6) | <u>64,852</u> | <u>57,904</u> |
| Total liabilities | <u>1,262,461</u> | <u>250,086</u> |
| Net assets attributable to holders of redeemable units | \$ <u>60,282,881</u> | \$ <u>54,721,471</u> |
| Number of redeemable units outstanding (Note 3) | <u>5,964,734</u> | <u>5,408,281</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>10.11</u> | \$ <u>10.12</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators Monthly Income Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Income | | |
| Interest for distribution purposes | \$ 215,408 | \$ 163,913 |
| Dividends | 718,977 | 541,739 |
| Securities lending (Note 5) | 3,946 | 15,358 |
| Other changes in fair value of investments: | | |
| Net realized gain (loss) | 441,530 | (685,801) |
| Net change in unrealized appreciation | 601,019 | 1,480,874 |
| Total income | <u>1,980,880</u> | <u>1,516,083</u> |
| Expenses | | |
| Management fees (Note 6) | 333,903 | 281,489 |
| Independent review committee fees | 2,694 | 2,646 |
| Transaction costs | 15,468 | 23,154 |
| Withholding taxes | 29,391 | 21,065 |
| Harmonised sales tax | 43,272 | 36,480 |
| Total expenses | <u>424,728</u> | <u>364,834</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 1,556,152</u> | <u>\$ 1,151,249</u> |
| Weighted average units outstanding during the period | <u>5,669,947</u> | <u>5,116,081</u> |
| Increase in net assets attributable to holders of redeemable units unit | <u>\$ 0.27</u> | <u>\$ 0.23</u> |

Educators Monthly Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 54,721,471 | \$ 49,881,082 |
| Increase in net assets attributable to holders of redeemable units | 1,556,152 | 1,151,249 |
| Distributions to holders of redeemable units | | |
| From net investment income and return of capital | (1,711,019) | (1,531,947) |
| Total distributions to holders of redeemable units | <u>(1,711,019)</u> | <u>(1,531,947)</u> |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 7,544,522 | 3,790,685 |
| Redemption of redeemable units | (3,476,708) | (4,429,601) |
| Reinvestments of distributions to holders of redeemable units | 1,648,463 | 1,472,990 |
| Net increase from redeemable unit transactions | <u>5,716,277</u> | <u>834,074</u> |
| Net increase in net assets attributable to holders of redeemable units | <u>5,561,410</u> | <u>453,376</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 60,282,881</u> | <u>\$ 50,334,458</u> |

See accompanying notes to the financial statements

Educators Monthly Income Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | | 2016 |
|--|--------------|----|--------------|
| Cash Flow from Operating Activities | | | |
| Increase in net assets attributable to holders of redeemable units | \$ 1,556,152 | \$ | 1,151,249 |
| Adjustments for: | | | |
| Net realized (gain) loss on sale of investments | (441,530) | | 685,801 |
| Net change in unrealized appreciation in value of investments | (601,019) | | (1,480,874) |
| Purchase of investments | (26,522,897) | | (24,668,099) |
| Proceeds from disposal of investments | 21,978,728 | | 24,967,591 |
| Increase in interest and dividends receivable | (15,721) | | (29,422) |
| Increase (decrease) in amounts due to Manager-Trustee | 6,948 | | (1,730) |
| Cash (used) provided by operating activities | (4,039,339) | | 624,516 |
| Cash Flow from Financing Activities | | | |
| Proceeds from redeemable units issued | 7,484,772 | | 3,800,416 |
| Redemption of redeemable units | (3,440,139) | | (4,186,318) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (62,309) | | (60,665) |
| Cash provided (used) by financing activities | 3,982,324 | | (446,567) |
| (Decrease) increase in cash | \$ (57,015) | \$ | 177,949 |
| Cash, beginning of period | \$ 69,264 | \$ | 45,015 |
| Cash, end of period | \$ 12,249 | \$ | 222,964 |
| Supplemental cash flow information: | | | |
| Dividends received, net of withholding taxes | \$ 677,087 | \$ | 501,357 |
| Interest received | \$ 212,547 | \$ | 153,907 |

See accompanying notes to the financial statements

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---|----------------|------------------|------------------|------------------|--|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 24,000 | Canadian Treasury Bill | 0.540% | 13-Jul-2017 | 23,966 | 23,966 | |
| 40,000 | Canadian Treasury Bill | 0.514% | 27-Jul-2017 | 39,943 | 39,943 | |
| 299,000 | Canadian Treasury Bill | 0.510% | 10-Aug-2017 | 298,615 | 298,615 | |
| 420,000 | Canadian Treasury Bill | 0.520% | 24-Aug-2017 | 419,435 | 419,435 | |
| 505,000 | Canadian Treasury Bill | 0.514% | 7-Sep-2017 | 504,313 | 504,313 | |
| 840,000 | Canadian Treasury Bill | 0.671% | 21-Sep-2017 | 838,638 | 838,638 | |
| | | | | <u>2,124,910</u> | <u>2,124,910</u> | <u>3.52</u> |
| Canadian Bonds | | | | | | |
| Asset-Backed | | | | | | |
| 15,000 | Institutional Mortgage Securities Canada Inc. | 4.335% | 12-Jan-2023 | 14,594 | 15,216 | |
| 27,000 | Institutional Mortgage Securities Canada Inc. | 4.240% | 12-Oct-2023 | 26,998 | 28,035 | |
| 110,000 | Institutional Mortgage Securities Canada Inc. | 4.186% | 12-May-2024 | 109,995 | 110,151 | |
| 48,000 | Institutional Mortgage Securities Canada Inc. | 4.192% | 12-Jul-2045 | 47,997 | 49,523 | |
| 68,000 | MCAP CMBS Issuer Corp. | 2.171% | 15-Apr-2019 | 39,111 | 38,312 | |
| 80,000 | MCAP CMBS Issuer Corp. | 3.600% | 12-Apr-2054 | 79,144 | 79,209 | |
| 18,000 | Merrill Lynch Financial Assets Inc. | 5.022% | 12-Jan-2040 | 15,941 | 17,356 | |
| 70,000 | Real Estate Asset Liquidity Trust | 3.451% | 12-May-2025 | 69,995 | 69,685 | |
| 73,000 | Real Estate Asset Liquidity Trust | 3.659% | 12-Jul-2025 | 68,670 | 66,656 | |
| 200,000 | Real Estate Asset Liquidity Trust | 3.179% | 12-Jan-2026 | 198,076 | 200,480 | |
| | | | | <u>670,521</u> | <u>674,623</u> | <u>1.12</u> |
| Corporate Bonds | | | | | | |
| 99,000 | 407 International Inc. | 3.830% | 11-May-2046 | 98,420 | 106,086 | |
| 141,000 | Aimia Inc. | 5.600% | 17-May-2019 | 154,331 | 130,700 | |
| 120,000 | Alectra Inc. | 3.239% | 21-Nov-2024 | 126,809 | 127,072 | |
| 211,000 | Algonquin Power Co. | 4.090% | 17-Feb-2027 | 210,850 | 221,732 | |
| 155,000 | Bank of Montreal | 3.320% | 1-Jun-2026 | 155,581 | 159,843 | |
| 70,000 | Bank of Nova Scotia, Floating Rate Note | 3.367% | 8-Dec-2025 | 70,414 | 72,237 | |
| 115,000 | bclMC Realty Corp. | 2.840% | 3-Jun-2025 | 116,326 | 117,218 | |
| 160,000 | bclMC Realty Corp. | 3.000% | 31-Mar-2027 | 160,000 | 162,991 | |
| 102,000 | Bell Canada Inc. | 7.850% | 2-Apr-2031 | 146,184 | 144,235 | |
| 100,000 | Blackbird Infrastructure 407 GP | 1.713% | 8-Oct-2021 | 99,221 | 98,873 | |
| 200,000 | BMW Canada Inc. | 1.880% | 11-Dec-2020 | 200,000 | 199,462 | |
| 100,000 | BMW Canada Inc. | 1.830% | 15-Jun-2021 | 99,957 | 99,028 | |
| 80,000 | Canadian Tire Corp., Ltd. | 6.445% | 24-Feb-2034 | 91,710 | 101,959 | |
| 110,000 | Capital Power Corp. | 5.276% | 16-Nov-2020 | 118,690 | 118,023 | |
| 50,000 | Chip Mortgage Trust | 2.330% | 29-Apr-2020 | 50,000 | 49,298 | |
| 105,000 | Chip Mortgage Trust | 2.981% | 15-Nov-2021 | 105,000 | 103,640 | |
| 100,000 | CIBC Capital Trust | 9.976% | 30-Jun-2108 | 114,461 | 114,406 | |
| 145,000 | CU Inc. | 3.964% | 27-Jul-2045 | 148,231 | 159,380 | |
| 75,000 | Eagle Credit Card Trust | 2.849% | 17-Oct-2018 | 75,000 | 76,267 | |
| 75,000 | Eagle Credit Card Trust | 3.469% | 17-Oct-2018 | 75,000 | 76,274 | |
| 110,000 | Enercare Solutions Inc. | 3.380% | 21-Feb-2022 | 109,980 | 111,040 | |
| 124,000 | Enercare Solutions Inc. | 3.990% | 21-Feb-2024 | 123,978 | 126,996 | |
| 150,000 | EPCOR Utilities Inc. | 4.550% | 28-Feb-2042 | 167,091 | 176,992 | |
| 215,000 | Fortified Trust | 1.670% | 23-Jul-2021 | 214,146 | 212,294 | |
| 175,000 | Genesis Trust II | 1.675% | 17-Sep-2018 | 175,499 | 175,382 | |
| 155,000 | Glacier Credit Card Trust | 3.237% | 20-Sep-2020 | 156,073 | 155,553 | |
| 250,000 | Glacier Credit Card Trust | 3.298% | 20-Sep-2022 | 250,000 | 246,378 | |
| 180,000 | Hollis Receivables Term Trust II | 1.788% | 26-Feb-2020 | 179,803 | 179,963 | |
| 85,000 | HSBC Bank Canada | 2.170% | 29-Jun-2022 | 85,000 | 84,373 | |
| 175,000 | IGM Financial Inc. | 3.440% | 26-Jan-2027 | 177,597 | 178,481 | |
| 100,000 | Intact Financial Corp. | 2.850% | 7-Jun-2027 | 99,983 | 98,007 | |
| 104,000 | Leisureworld Senior Care LP | 3.474% | 3-Feb-2021 | 106,305 | 108,483 | |
| 240,000 | Loblaw Cos Ltd. | 6.450% | 9-Feb-2028 | 307,932 | 301,777 | |
| 200,000 | Loblaw Cos. Ltd. | 6.650% | 8-Nov-2027 | 261,606 | 255,769 | |

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|--|----------------|------------------|-----------------|---------------|--|
| 75,000 | Master Credit Card Trust II | 2.307% | 21-Oct-2018 | 75,000 | 74,830 | |
| 56,000 | Master Credit Card Trust II | 3.223% | 21-Nov-2018 | 56,000 | 56,872 | |
| 83,000 | Master Credit Card Trust II | 3.623% | 21-Nov-2018 | 83,000 | 84,276 | |
| 150,000 | Master Credit Card Trust II | 2.364% | 21-Jan-2022 | 146,563 | 148,334 | |
| 230,000 | Master Credit Card Trust II | 3.056% | 21-Jan-2022 | 225,460 | 227,889 | |
| 26,000 | MCAP Commercial LP | 3.955% | 11-Mar-2019 | 26,000 | 25,884 | |
| 220,000 | OMERS Realty Corp. | 2.858% | 23-Feb-2024 | 221,795 | 225,849 | |
| 95,000 | Pembina Pipeline Corp. | 3.710% | 11-Aug-2026 | 96,351 | 97,117 | |
| 112,000 | Pembina Pipeline Corp. | 4.740% | 21-Jan-2047 | 111,488 | 114,587 | |
| 210,000 | Royal Bank of Canada | 3.310% | 20-Jan-2026 | 211,807 | 216,146 | |
| 215,000 | Scotiabank Tier I Trust | 7.802% | 30-Jun-2108 | 241,286 | 237,523 | |
| 350,000 | Shaw Communications Inc. | 3.800% | 1-Mar-2027 | 349,654 | 360,722 | |
| 37,000 | Shaw Communications Inc. | 6.750% | 9-Nov-2039 | 45,944 | 47,892 | |
| 73,000 | TD Capital Trust IV, Floating Rate Note | 9.523% | 30-Jun-2049 | 96,294 | 82,911 | |
| 110,000 | Teranet Holdings LP | 4.807% | 16-Dec-2020 | 118,539 | 117,547 | |
| 372,000 | Toronto Dominion Bank | 4.859% | 4-Mar-2031 | 390,905 | 418,696 | |
| 122,000 | Toronto Dominion Bank, Floating Rate Note | 2.982% | 30-Sep-2025 | 122,524 | 124,441 | |
| 95,000 | Toyota Credit Canada Inc. | 2.200% | 25-Feb-2021 | 94,812 | 95,677 | |
| 260,000 | Transcanada Trust | 4.650% | 18-May-2077 | 260,000 | 261,466 | |
| 55,000 | WTH Car Rental ULC | 2.542% | 20-Aug-2019 | 55,000 | 55,486 | |
| 55,000 | WTH Car Rental ULC | 3.323% | 20-Aug-2019 | 55,000 | 55,121 | |
| 175,000 | WTH Car Rental ULC | 1.912% | 20-Jul-2020 | 175,000 | 173,686 | |
| | | | | 8,089,600 | 8,153,164 | 13.53 |
| Government Bonds | | | | | | |
| 105,000 | Government of Canada | 1.750% | 1-Sep-2019 | 107,721 | 106,392 | |
| 241,000 | Government of Canada | 0.750% | 1-Mar-2021 | 239,103 | 236,370 | |
| 56,000 | Government of Canada | 3.250% | 1-Jun-2021 | 61,152 | 60,133 | |
| 188,000 | Government of Canada | 0.750% | 1-Sep-2021 | 186,214 | 183,567 | |
| 140,000 | Government of Canada | 0.500% | 1-Mar-2022 | 135,997 | 134,484 | |
| 1,164,000 | Government of Canada | 2.750% | 1-Dec-2048 | 1,284,950 | 1,328,914 | |
| 110,000 | OPB Finance Trust | 2.980% | 25-Jan-2027 | 109,943 | 112,810 | |
| 360,000 | Province of New Brunswick | 2.350% | 14-Aug-2027 | 355,301 | 352,334 | |
| 120,000 | PSP Capital Inc | 1.730% | 21-Jun-2022 | 120,000 | 118,791 | |
| | | | | 2,600,381 | 2,633,795 | 4.37 |
| | | | | 11,360,502 | 11,461,582 | 19.02 |
| Canadian Common Stocks | | | | | | |
| Consumer Discretionary | | | | | | |
| 42,500 | Corus Entertainment Inc. | | | 450,561 | 579,275 | |
| 14,000 | Hudson's Bay Co. | | | 123,430 | 161,980 | |
| 16,800 | Shaw Communications Inc. | | | 447,331 | 475,272 | |
| 12,100 | Sleep Country Canada Holdings Inc. | | | 382,825 | 497,915 | |
| | | | | 1,404,147 | 1,714,442 | 2.84 |
| Consumer Staples | | | | | | |
| 10,700 | Alimentation Couche-Tard Inc. | | | 492,676 | 665,112 | |
| | | | | 492,676 | 665,112 | 1.10 |
| Energy | | | | | | |
| 17,700 | AltaGas Ltd. | | | 528,861 | 521,973 | |
| 31,100 | Canadian Natural Resources Ltd. | | | 898,310 | 1,163,762 | |
| 38,509 | Enbridge Inc. | | | 2,087,785 | 1,989,375 | |
| 8,200 | Enbridge Inc., Preferred Shares, 5.150% | | | 205,000 | 215,250 | |
| 14,826 | Keyera Corp. | | | 538,049 | 605,197 | |
| 8,549 | Kinder Morgan Canada Ltd. | | | 131,056 | 135,331 | |
| 65,000 | Northern Blizzard Resources Inc. | | | 223,896 | 209,950 | |
| 16,400 | Parkland Fuel Corp. | | | 369,535 | 487,244 | |
| 11,000 | Pembina Pipeline Corp. | | | 435,415 | 472,450 | |
| 10,000 | Pembina Pipeline Corp., Preferred Shares, 5.750% | | | 250,000 | 268,500 | |

Educators Monthly Income Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|--|----------------|------------------|-------------------|-------------------|--|
| 38,689 | Suncor Energy Inc. | | | 1,367,178 | 1,465,926 | |
| 41,000 | TORC Oil & Gas Ltd. | | | 329,100 | 207,870 | |
| 15,300 | TransCanada Corp. | | | 710,578 | 945,846 | |
| 51,800 | Veresen Inc. | | | 534,376 | 950,012 | |
| 9,400 | Vermilion Energy Inc. | | | 411,457 | 386,716 | |
| | | | | <u>9,020,596</u> | <u>10,025,402</u> | <u>16.63</u> |
| Financials | | | | | | |
| 16,500 | Bank of Montreal | | | 1,309,274 | 1,571,130 | |
| 26,100 | Bank of Nova Scotia | | | 1,774,965 | 2,036,060 | |
| 17,500 | Brookfield Asset Management Inc. | | | 773,973 | 890,575 | |
| 11,000 | Canadian Imperial Bank of Commerce | | | 1,179,014 | 1,159,290 | |
| 8,300 | ECN Capital Corp. | | | 207,500 | 206,670 | |
| 21,000 | Fiera Capital Corp. | | | 272,419 | 288,750 | |
| 6,700 | Intact Financial Corp. | | | 607,219 | 656,332 | |
| 60,100 | Manulife Financial Corp. | | | 1,227,690 | 1,461,031 | |
| 29,323 | Royal Bank of Canada | | | 1,969,696 | 2,761,053 | |
| 7,200 | TMX Group Ltd. | | | 429,373 | 508,032 | |
| 41,946 | Toronto-Dominion Bank | | | 1,981,434 | 2,741,171 | |
| 1 | Trisura Group Ltd. | | | 21 | 22 | |
| | | | | <u>11,732,578</u> | <u>14,280,116</u> | <u>23.70</u> |
| Industrials | | | | | | |
| 2,600 | Boyd Group Income Fund | | | 121,941 | 249,990 | |
| 18,360 | Canadian National Railway Co. | | | 1,056,484 | 1,931,839 | |
| 2,300 | Canadian Pacific Railway Ltd. | | | 467,577 | 479,895 | |
| 65,224 | Chorus Aviation Inc. | | | 394,642 | 496,355 | |
| 5,850 | Waste Connections Inc. | | | 375,487 | 488,651 | |
| | | | | <u>2,416,131</u> | <u>3,646,730</u> | <u>6.05</u> |
| Information Technology | | | | | | |
| 8,000 | Open Text Corp. | | | 331,718 | 327,440 | |
| | | | | <u>331,718</u> | <u>327,440</u> | <u>0.54</u> |
| Materials | | | | | | |
| 11,400 | Agnico Eagle Mines Ltd. | | | 691,260 | 666,672 | |
| 4,400 | Agrium Inc. | | | 567,529 | 517,132 | |
| 4,500 | CCL Industries Inc. | | | 128,303 | 295,245 | |
| 7,500 | Franco-Nevada Corp. | | | 734,738 | 701,775 | |
| 27,500 | Lundin Mining Corp. | | | 212,448 | 202,675 | |
| 21,900 | Teck Resources Ltd. | | | 710,949 | 492,312 | |
| 11,190 | Wheaton Precious Metals Corp. | | | 389,074 | 288,254 | |
| | | | | <u>3,434,301</u> | <u>3,164,065</u> | <u>5.25</u> |
| Real Estate | | | | | | |
| 6,774 | Allied Properties Real Estate Investment Trust | | | 202,541 | 263,644 | |
| 43,000 | American Hotel Income Properties REIT LP | | | 436,198 | 428,280 | |
| 25,600 | Automotive Properties Real Estate Investment Trust | | | 268,354 | 284,160 | |
| 23,000 | First Capital Realty Inc. | | | 455,067 | 454,480 | |
| 10,000 | H&R Real Estate Investment Trust | | | 218,929 | 220,200 | |
| 71,000 | Pure Industrial Real Estate Trust | | | 349,811 | 488,480 | |
| 53,500 | Pure Multi-Family REIT LP | | | 482,065 | 465,450 | |
| | | | | <u>2,412,965</u> | <u>2,604,694</u> | <u>4.32</u> |
| Telecommunication Services | | | | | | |
| 13,500 | Rogers Communications Inc. | | | 620,188 | 826,875 | |
| | | | | <u>620,188</u> | <u>826,875</u> | <u>1.37</u> |

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---|----------------|------------------|-------------------|-------------------|--|
| Utilities | | | | | | |
| 18,000 | Algonquin Power & Utilities Corp. | | | 228,060 | 245,700 | |
| | | | | <u>228,060</u> | <u>245,700</u> | 0.41 |
| | | | | <u>32,093,360</u> | <u>37,500,576</u> | 62.21 |
| Foreign Common Stocks | | | | | | |
| Bermuda | | | | | | |
| Real Estate | | | | | | |
| 20,300 | Brookfield Property Partners LP | | | 601,973 | 622,804 | |
| | | | | <u>601,973</u> | <u>622,804</u> | 1.03 |
| Utilities | | | | | | |
| 8,532 | Brookfield Infrastructure Partners LP | | | 257,340 | 452,537 | |
| 10,000 | Brookfield Infrastructure Partners LP, Preferred Shares, 5.350%, Series 5 | | | 248,832 | 256,700 | |
| 8,000 | Brookfield Renewable Partners LP | | | 305,362 | 330,800 | |
| | | | | <u>811,534</u> | <u>1,040,037</u> | 1.73 |
| United States | | | | | | |
| Consumer Discretionary | | | | | | |
| 6,700 | Newell Brands Inc. | | | 321,257 | 466,564 | |
| 3,400 | Starbucks Corp. | | | 162,255 | 257,473 | |
| | | | | <u>483,512</u> | <u>724,037</u> | 1.20 |
| Financials | | | | | | |
| 25,773 | Bank of America Corp. | | | 809,958 | 812,017 | |
| 8,600 | JPMorgan Chase & Co. | | | 529,716 | 1,020,831 | |
| 10,200 | Wells Fargo & Co. | | | 667,941 | 734,003 | |
| | | | | <u>2,007,615</u> | <u>2,566,851</u> | 4.27 |
| Health Care | | | | | | |
| 3,000 | Johnson & Johnson | | | 419,751 | 515,416 | |
| | | | | <u>419,751</u> | <u>515,416</u> | 0.85 |
| Industrials | | | | | | |
| 1,150 | Lockheed Martin Corp. | | | 266,768 | 414,612 | |
| 7,500 | Masco Corp. | | | 341,604 | 372,175 | |
| 2,500 | Union Pacific Corp. | | | 301,699 | 353,604 | |
| | | | | <u>910,071</u> | <u>1,140,391</u> | 1.89 |
| Information Technology | | | | | | |
| 8,600 | Cisco Systems Inc. | | | 304,740 | 349,584 | |
| 10,200 | Intel Corp. | | | 475,169 | 446,945 | |
| 7,500 | Microsoft Corp. | | | 424,665 | 671,396 | |
| 4,300 | Visa Inc. | | | 304,673 | 523,706 | |
| | | | | <u>1,509,247</u> | <u>1,991,631</u> | 3.30 |
| | | | | <u>6,743,703</u> | <u>8,601,167</u> | 14.27 |

Educators Monthly Income Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|------------------------------------|----------------|------------------|----------------------|----------------------|--|
| Foreign Bonds | | | | | | |
| United States | | | | | | |
| Coporate Bonds | | | | | | |
| 60,000 | Metropolitan Life Global Funding I | 1.875% | 16-Apr-2020 | 60,067 | 59,956 | |
| 100,000 | Wells Fargo & Co. | 2.094% | 25-Apr-2022 | 100,000 | 98,536 | |
| | | | | <u>160,067</u> | <u>158,492</u> | <u>0.26</u> |
| Japan | | | | | | |
| Coporate Bonds | | | | | | |
| 180,000 | Heathrow Funding Ltd. | 3.250% | 21-May-2025 | 190,053 | 185,955 | 0.31 |
| United Kingdom | | | | | | |
| Coporate Bonds | | | | | | |
| 185,000 | HSBC Holdings PLC | 3.196% | 5-Dec-2023 | 185,000 | 188,099 | |
| | | | | <u>185,000</u> | <u>188,099</u> | <u>0.31</u> |
| | | | | <u>535,120</u> | <u>532,546</u> | <u>0.88</u> |
| Total Investments | | | | <u>52,857,595</u> | <u>60,220,781</u> | <u>99.90</u> |
| Transaction Costs | | | | <u>(29,597)</u> | | |
| Net Investments | | | | <u>\$ 52,827,998</u> | <u>60,220,781</u> | <u>99.90</u> |
| Other Assets Less Liabilities | | | | | <u>62,100</u> | <u>0.10</u> |
| Net Assets Attributable to Holders of Redeemable Units | | | | | <u>\$ 60,282,881</u> | <u>100.00</u> |

Educators Dividend Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 177,008 | \$ 220,215 |
| Interest and dividends receivable | 238,400 | 225,782 |
| Subscriptions receivable | 270,313 | 218,237 |
| Forward contracts (Note 10) | 706,140 | 164,316 |
| Investments | <u>123,688,917</u> | <u>113,828,494</u> |
| Total assets | \$ <u>125,080,778</u> | \$ <u>114,657,044</u> |
| Liabilities | | |
| Current liabilities | | |
| Due to brokers | 1,199,700 | - |
| Redemptions payable | 243,418 | 56,324 |
| Distributions payable | 2,226 | 3,177 |
| Amounts due to Manager-Trustee (Note 6) | 175,575 | 159,996 |
| Forward contracts (Note 10) | <u>43</u> | <u>234,170</u> |
| Total liabilities | <u>1,620,962</u> | <u>453,667</u> |
| Net assets attributable to holders of redeemable units | \$ <u>123,459,816</u> | \$ <u>114,203,377</u> |
| Number of redeemable units outstanding (Note 3) | <u>4,567,948</u> | <u>4,415,490</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>27.03</u> | \$ <u>25.86</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "Chuck Hamilton", CEO

Signed "Stuart Mulcahy", CFO

Educators Dividend Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Income | | |
| Interest for distribution purposes | \$ 67,659 | \$ 89,623 |
| Dividends | 1,499,462 | 1,367,711 |
| Securities lending (Note 5) | 7,326 | 8,852 |
| Other changes in fair value of investments: | | |
| Net realized gain | 2,150,408 | 708,850 |
| Net realized (loss) gain on forward contracts | (214,505) | 193,699 |
| Net change in unrealized appreciation on forward contracts | 775,951 | 1,183,964 |
| Net change in unrealized appreciation | 2,235,113 | 1,813,378 |
| Total income | <u>6,521,414</u> | <u>5,366,077</u> |
| Expenses | | |
| Management fees (Note 6) | 958,370 | 807,659 |
| Independent review committee fees | 5,526 | 5,518 |
| Transaction costs | 17,321 | 18,561 |
| Withholding taxes | 28,149 | 31,869 |
| Harmonised sales tax | 117,862 | 99,302 |
| | <u>1,127,228</u> | <u>962,909</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | (45,417) | (38,465) |
| Total expenses | <u>1,081,811</u> | <u>924,444</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 5,439,603</u> | <u>\$ 4,441,633</u> |
| Weighted average units outstanding during the period | <u>4,496,986</u> | <u>4,340,076</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 1.21</u> | <u>\$ 1.02</u> |

Educators Dividend Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 114,203,377 | \$ 100,434,003 |
| Increase in net assets attributable to holders of redeemable units | 5,439,603 | 4,441,633 |
| Distributions to holders of redeemable units | | |
| From net investment income | (247,870) | (396,378) |
| Total distributions to holders of redeemable units | <u>(247,870)</u> | <u>(396,378)</u> |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 11,217,039 | 6,628,392 |
| Redemption of redeemable units | (7,398,072) | (6,150,314) |
| Reinvestments of distributions to holders of redeemable units | 245,739 | 388,901 |
| Net increase from redeemable unit transactions | <u>4,064,706</u> | <u>866,979</u> |
| Net increase in net assets attributable to holders of redeemable units | <u>9,256,439</u> | <u>4,912,234</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 123,459,816</u> | <u>\$ 105,346,237</u> |

See accompanying notes to the financial statements

Educators Dividend Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Cash Flow from Operating Activities | | |
| Increase in net assets attributable to holders of redeemable units | \$ 5,439,603 | \$ 4,441,633 |
| Adjustments for: | | |
| Net realized gain on sale of investments | (2,150,408) | (708,850) |
| Net change in unrealized appreciation on forward contracts | (775,951) | (1,183,964) |
| Net change in unrealized appreciation in value of investments | (2,235,113) | (1,813,378) |
| Purchase of investments | (28,107,311) | (23,092,153) |
| Proceeds from disposal of investments | 23,832,109 | 21,857,896 |
| (Increase) decrease in interest and dividends receivable | (12,618) | 28,650 |
| Increase in amounts due to Manager-Trustee | 15,579 | 1,073 |
| Cash used by operating activities | <u>(3,994,110)</u> | <u>(469,093)</u> |
| Cash Flow from Financing Activities | | |
| Proceeds from redeemable units issued | 11,164,963 | 6,541,075 |
| Redemption of redeemable units | (7,210,978) | (6,089,430) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (3,082) | (8,213) |
| Cash provided by financing activities | <u>3,950,903</u> | <u>443,432</u> |
| Decrease in cash | \$ (43,207) | \$ (25,661) |
| Cash, beginning of period | \$ 220,215 | \$ 97,364 |
| Cash, end of period | \$ 177,008 | \$ 71,703 |
| Supplemental cash flow information: | | |
| Dividends received, net of withholding taxes | \$ 1,460,627 | \$ 1,364,761 |
| Interest received | \$ 66,848 | \$ 89,380 |

See accompanying notes to the financial statements

Educators Dividend Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---------------------------------------|----------------|------------------|-------------------|-------------------|--|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 950,000 | Canadian Treasury Bill | 0.502% | 27-Jul-2017 | 948,748 | 948,748 | |
| 700,000 | Canadian Treasury Bill | 0.530% | 10-Aug-2017 | 699,006 | 699,006 | |
| 400,000 | Canadian Treasury Bill | 0.522% | 24-Aug-2017 | 399,511 | 399,511 | |
| 1,400,000 | Canadian Treasury Bill | 0.689% | 7-Sep-2017 | 1,398,169 | 1,398,169 | |
| 200,000 | Canadian Treasury Bill | 0.630% | 21-Sep-2017 | 199,690 | 199,690 | |
| | | | | <u>3,645,124</u> | <u>3,645,124</u> | 2.95 |
| Canadian Common Stocks | | | | | | |
| Consumer Discretionary | | | | | | |
| 35,300 | Cineplex Inc. | | | 1,236,880 | 1,865,958 | |
| 22,400 | Dollarama Inc. | | | 997,556 | 2,775,584 | |
| 32,600 | Gildan Activewear Inc. | | | 914,048 | 1,299,110 | |
| | | | | <u>3,148,484</u> | <u>5,940,652</u> | 4.81 |
| Consumer Staples | | | | | | |
| 36,900 | Alimentation Couche-Tard Inc. | | | 2,046,978 | 2,293,704 | |
| 15,791 | Loblaw Cos Ltd. | | | 827,628 | 1,139,142 | |
| 28,500 | Metro Inc. | | | 1,264,155 | 1,216,380 | |
| | | | | <u>4,138,761</u> | <u>4,649,226</u> | 3.77 |
| Energy | | | | | | |
| 72,500 | ARC Resources Ltd. | | | 1,570,069 | 1,229,600 | |
| 102,800 | Enbridge Inc. | | | 3,641,690 | 5,310,648 | |
| 39,900 | Keyera Corp. | | | 1,059,741 | 1,628,718 | |
| 37,900 | Pembina Pipeline Corp. | | | 1,290,848 | 1,627,805 | |
| 28,100 | Peyto Exploration & Development Corp. | | | 579,957 | 660,912 | |
| 52,748 | Suncor Energy Inc. | | | 2,098,292 | 1,998,622 | |
| 58,500 | TransCanada Corp. | | | 2,692,472 | 3,616,470 | |
| 31,500 | Vermilion Energy Inc. | | | 1,544,218 | 1,295,910 | |
| 130,300 | Whitecap Resources Inc. | | | 1,441,945 | 1,206,578 | |
| | | | | <u>15,919,232</u> | <u>18,575,263</u> | 15.05 |
| Financials | | | | | | |
| 26,100 | Bank of Montreal | | | 2,473,494 | 2,485,242 | |
| 100,800 | Bank of Nova Scotia | | | 5,203,915 | 7,863,408 | |
| 105,850 | Brookfield Asset Management Inc. | | | 3,628,273 | 5,386,706 | |
| 35,200 | Intact Financial Corp. | | | 1,619,893 | 3,448,192 | |
| 153,984 | Manulife Financial Corp. | | | 3,217,804 | 3,743,351 | |
| 87,700 | Royal Bank of Canada | | | 5,201,412 | 8,257,832 | |
| 128,600 | Toronto-Dominion Bank | | | 3,757,474 | 8,404,010 | |
| 624 | Trisura Group Ltd. | | | 10,072 | 13,541 | |
| | | | | <u>25,112,337</u> | <u>39,602,282</u> | 32.08 |
| Industrials | | | | | | |
| 35,389 | Waste Connections Inc. | | | 1,139,727 | 2,956,001 | |
| 13,700 | Boyd Group Income Fund | | | 395,780 | 1,317,255 | |
| 48,400 | Canadian National Railway Co. | | | 1,832,718 | 5,092,648 | |
| 21,744 | MacDonald Dettwiler & Associates Ltd. | | | 1,558,010 | 1,467,285 | |
| | | | | <u>4,926,235</u> | <u>10,833,189</u> | 8.77 |
| Materials | | | | | | |
| 8,500 | Agrium Inc. | | | 1,139,218 | 999,005 | |
| 18,000 | CCL Industries Inc. | | | 1,199,700 | 1,180,980 | |
| 20,100 | Franco-Nevada Corp. | | | 1,873,001 | 1,880,757 | |
| | | | | <u>4,211,919</u> | <u>4,060,742</u> | 3.29 |

Educators Dividend Fund

Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|--|----------------|------------------|----------------------|-----------------------|--|
| Real Estate | | | | | | |
| 47,000 | Allied Properties Real Estate Investment Trust | | | 1,541,857 | 1,829,240 | |
| 42,200 | RioCan Real Estate Investment Trust | | | 1,064,424 | 1,015,754 | |
| | | | | <u>2,606,281</u> | <u>2,844,994</u> | 2.30 |
| Telecommunication Services | | | | | | |
| 36,400 | BCE Inc. | | | 2,250,563 | 2,125,760 | |
| 36,600 | Rogers Communications Inc. | | | 1,817,609 | 2,241,750 | |
| | | | | <u>4,068,172</u> | <u>4,367,510</u> | 3.54 |
| Utilities | | | | | | |
| 137,300 | Algonquin Power & Utilities Corp. | | | 1,515,792 | 1,874,145 | |
| 50,200 | Fortis Inc. | | | 1,674,537 | 2,288,116 | |
| | | | | <u>3,190,329</u> | <u>4,162,261</u> | 3.37 |
| | | | | <u>67,321,750</u> | <u>95,036,119</u> | 76.98 |
| Foreign Common Stocks | | | | | | |
| Bermuda | | | | | | |
| Real Estate | | | | | | |
| 36,100 | Brookfield Property Partners LP | | | 1,075,585 | 1,107,548 | |
| | | | | <u>1,075,585</u> | <u>1,107,548</u> | 0.90 |
| Utilities | | | | | | |
| 67,500 | Brookfield Infrastructure Partners LP | | | 1,685,940 | 3,580,200 | |
| 35,700 | Brookfield Renewable Energy Partners LP | | | 1,071,693 | 1,476,195 | |
| | | | | <u>2,757,633</u> | <u>5,056,395</u> | 4.10 |
| | | | | <u>3,833,218</u> | <u>6,163,943</u> | 5.00 |
| United States | | | | | | |
| Consumer Discretionary | | | | | | |
| 22,000 | Starbucks Corp. | | | 762,745 | 1,666,000 | |
| 21,200 | TJX Cos Inc. | | | 1,860,706 | 1,987,018 | |
| | | | | <u>2,623,451</u> | <u>3,653,018</u> | 2.96 |
| Consumer Staples | | | | | | |
| 5,600 | Costco Wholesale Corp. | | | 1,266,625 | 1,163,127 | |
| 19,600 | Walgreens Boots Alliance Inc. | | | 1,709,176 | 1,993,345 | |
| | | | | <u>2,975,801</u> | <u>3,156,472</u> | 2.56 |
| Financials | | | | | | |
| 27,300 | JPMorgan Chase & Co. | | | 1,639,424 | 3,240,545 | |
| | | | | <u>1,639,424</u> | <u>3,240,545</u> | 2.62 |
| Information Technology | | | | | | |
| 14,100 | Activision Blizzard Inc. | | | 950,119 | 1,054,204 | |
| 9,800 | Apple Inc. | | | 1,508,755 | 1,832,982 | |
| 33,600 | Microsoft Corp. | | | 1,001,296 | 3,007,855 | |
| 23,800 | Visa Inc. | | | 1,452,690 | 2,898,655 | |
| | | | | <u>4,912,860</u> | <u>8,793,696</u> | 7.12 |
| | | | | <u>12,151,536</u> | <u>18,843,731</u> | 15.26 |
| Total Investments | | | | 86,951,628 | 123,688,917 | 100.19 |
| Transaction Costs | | | | (58,049) | | |
| Net Investments | | | | <u>\$ 86,893,579</u> | 123,688,917 | 100.19 |
| Other Liabilities Less Assets | | | | | (229,101) | (0.19) |
| Net Assets Attributable to Holders of Redeemable Units | | | | | <u>\$ 123,459,816</u> | 100.00 |

Educators Growth Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ - | \$ 16,498 |
| Interest and dividends receivable | 230,076 | 185,763 |
| Subscriptions receivable | 169,953 | 165,653 |
| Due from brokers | - | 178,947 |
| Forward contracts (Note 10) | - | 18,239 |
| Investments | <u>88,884,031</u> | <u>87,640,108</u> |
| Total assets | \$ <u>89,284,060</u> | \$ <u>88,205,208</u> |
| Liabilities | | |
| Current liabilities | | |
| Bank overdraft | 6,728 | - |
| Due to brokers | - | 163,280 |
| Redemptions payable | 206,143 | 43,249 |
| Distributions payable | 22,670 | 1,498 |
| Amounts due to Manager-Trustee (Note 6) | 141,494 | 138,214 |
| Forward contracts (Note 10) | <u>-</u> | <u>29,393</u> |
| Total liabilities | <u>377,035</u> | <u>375,634</u> |
| Net assets attributable to holders of redeemable units | \$ <u>88,907,025</u> | \$ <u>87,829,574</u> |
| Number of redeemable units outstanding (Note 3) | <u>3,945,807</u> | <u>3,704,213</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>22.53</u> | \$ <u>23.71</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "Chuck Hamilton", CEO

Signed "Stuart Mulcahy", CFO

Educators Growth Fund

Statements of Comprehensive Income

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|------------------|---------------------|
| Income | | |
| Interest for distribution purposes | \$ 7,659 | \$ 4,997 |
| Dividends | 1,004,984 | 972,486 |
| Securities lending (Note 5) | 5,324 | 2,724 |
| Other changes in fair value of investments: | | |
| Net realized gain | 6,915,667 | 503,093 |
| Net realized gain on forward contracts | 29,528 | 63,103 |
| Net change in unrealized appreciation on forward contracts | 11,154 | 377,252 |
| Net change in unrealized (depreciation) appreciation | (7,008,374) | 2,397,440 |
| Total income | <u>965,942</u> | <u>4,321,095</u> |
| Expenses | | |
| Management fees (Note 6) | 782,513 | 685,565 |
| Independent review committee fees | 4,065 | 4,235 |
| Transaction costs | 26,844 | 22,633 |
| Withholding taxes | 3,187 | 8,745 |
| Harmonised sales tax | 97,877 | 85,738 |
| | <u>914,486</u> | <u>806,916</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | (22,597) | (19,901) |
| Total expenses | <u>891,889</u> | <u>787,015</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 74,053</u> | <u>\$ 3,534,080</u> |
| Weighted average units outstanding during the period | <u>3,736,358</u> | <u>3,768,654</u> |
| Increase in net assets attributable to holders of redeemable units per unit | <u>\$ 0.02</u> | <u>\$ 0.94</u> |

Educators Growth Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 87,829,574 | \$ 79,446,656 |
| Increase in net assets attributable to holders of redeemable units | 74,053 | 3,534,080 |
| Distributions to holders of redeemable units | | |
| From net realized gains | (4,501,730) | - |
| Total distributions to holders of redeemable units | <u>(4,501,730)</u> | <u>-</u> |
| Redeemable unit transactions | | |
| Proceeds from redeemable units issued | 7,055,340 | 2,784,810 |
| Redemption of redeemable units | (6,029,405) | (4,675,330) |
| Reinvestments of distributions to holders of redeemable units | 4,479,193 | 162 |
| Net increase (decrease) from redeemable unit transactions | <u>5,505,128</u> | <u>(1,890,358)</u> |
| Net increase in net assets attributable to holders of redeemable units | <u>1,077,451</u> | <u>1,643,722</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 88,907,025</u> | <u>\$ 81,090,378</u> |

See accompanying notes to the financial statements

Educators Growth Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | | 2016 |
|--|--------------------|----|--------------------|
| Cash Flow from Operating Activities | | | |
| Increase in net assets attributable to holders of redeemable units | \$ 74,053 | \$ | 3,534,080 |
| Adjustments for: | | | |
| Net realized gain on sale of investments | (6,915,667) | | (503,093) |
| Net change in unrealized depreciation (appreciation) in value of investments | 7,008,374 | | (2,397,440) |
| Net change in unrealized appreciation on forward contracts | (11,154) | | (377,252) |
| Purchase of investments | (50,446,083) | | (18,296,061) |
| Proceeds from disposal of investments | 49,125,120 | | 19,947,688 |
| Increase in interest and dividends receivable | (44,313) | | (29,902) |
| Increase (decrease) in amounts due to Manager-Trustee | 3,280 | | (3,424) |
| Cash (used) provided by operating activities | <u>(1,206,390)</u> | | <u>1,874,596</u> |
| Cash Flow from Financing Activities | | | |
| Proceeds from redeemable units issued | 7,051,040 | | 2,809,466 |
| Redemption of redeemable units | (5,866,511) | | (4,682,076) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (1,365) | | (7,482) |
| Cash provided (used) by financing activities | <u>1,183,164</u> | | <u>(1,880,092)</u> |
| Decrease in cash | \$ <u>(23,226)</u> | \$ | <u>(5,496)</u> |
| Cash, beginning of period | \$ <u>16,498</u> | \$ | <u>37,657</u> |
| (Bank overdraft) cash, end of period | \$ <u>(6,728)</u> | \$ | <u>32,161</u> |
| Supplemental cash flow information: | | | |
| Dividends received, net of withholding taxes | \$ 956,510 | \$ | 934,023 |
| Interest received | \$ 9,282 | \$ | 4,974 |

See accompanying notes to the financial statements

Educators Growth Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|--------------------------------------|----------------|------------------|-------------------|-------------------|---|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 400,000 | Canadian Treasury Bill | 0.516% | 27-Jul-2017 | 399,454 | 399,454 | |
| 500,000 | Canadian Treasury Bill | 0.503% | 10-Aug-2017 | 499,337 | 499,337 | |
| 450,000 | Canadian Treasury Bill | 0.689% | 7-Sep-2017 | 449,426 | 449,426 | |
| 100,000 | Canadian Treasury Bill | 0.548% | 21-Sep-2017 | 99,859 | 99,859 | |
| | | | | <u>1,448,076</u> | <u>1,448,076</u> | <u>1.63</u> |
| Canadian Common Stocks | | | | | | |
| Consumer Discretionary | | | | | | |
| 13,500 | Dollarama Inc. | | | 396,009 | 1,672,785 | |
| 19,200 | Magna International Inc. | | | 1,055,656 | 1,153,344 | |
| 18,100 | Restaurant Brands International Inc. | | | 1,070,515 | 1,468,634 | |
| | | | | <u>2,522,180</u> | <u>4,294,763</u> | <u>4.83</u> |
| Consumer Staples | | | | | | |
| 9,700 | Alimentation Couche-Tard Inc. | | | 532,415 | 602,952 | |
| 15,000 | George Weston Ltd. | | | 1,738,453 | 1,760,850 | |
| 23,500 | Maple Leaf Foods Inc. | | | 755,076 | 769,390 | |
| 7,800 | Premium Brands Holdings Corp. | | | 684,673 | 725,712 | |
| | | | | <u>3,710,617</u> | <u>3,858,904</u> | <u>4.34</u> |
| Energy | | | | | | |
| 99,000 | Canadian Natural Resources Ltd. | | | 3,552,467 | 3,704,580 | |
| 218,100 | Cenovus Energy Inc. | | | 4,807,875 | 2,085,036 | |
| 52,800 | Enbridge Inc. | | | 2,965,402 | 2,727,648 | |
| 25,500 | Imperial Oil Ltd. | | | 1,061,280 | 963,900 | |
| 46,900 | PrairieSky Royalty Ltd. | | | 1,392,796 | 1,384,957 | |
| 54,800 | Suncor Energy Inc. | | | 2,178,090 | 2,076,372 | |
| 46,500 | TransCanada Corp. | | | 2,640,362 | 2,874,630 | |
| | | | | <u>18,598,272</u> | <u>15,817,123</u> | <u>17.79</u> |
| Financials | | | | | | |
| 29,000 | Bank of Montreal | | | 2,538,238 | 2,761,380 | |
| 58,900 | Bank of Nova Scotia | | | 3,619,317 | 4,594,789 | |
| 34,900 | Brookfield Asset Management Inc. | | | 1,495,020 | 1,776,061 | |
| 16,000 | Intact Financial Corp. | | | 1,164,974 | 1,567,360 | |
| 194,900 | Manulife Financial Corp. | | | 4,404,316 | 4,738,019 | |
| 11,100 | National Bank of Canada | | | 624,412 | 605,283 | |
| 26,100 | Onex Corp. | | | 1,673,429 | 2,709,441 | |
| 28,500 | Power Financial Corp. | | | 903,548 | 948,195 | |
| 41,600 | Royal Bank of Canada | | | 3,294,544 | 3,917,056 | |
| 112,400 | Toronto-Dominion Bank | | | 4,373,670 | 7,345,340 | |
| | | | | <u>24,091,468</u> | <u>30,962,924</u> | <u>34.82</u> |
| Industrials | | | | | | |
| 68,700 | Air Canada | | | 944,074 | 1,194,006 | |
| 48,200 | Canadian National Railway Co. | | | 2,884,161 | 5,071,603 | |
| 5,400 | Canadian Pacific Railway Ltd. | | | 1,157,061 | 1,126,710 | |
| 31,700 | Transcontinental Inc. | | | 773,272 | 814,690 | |
| 22,650 | Waste Connections Inc. | | | 1,484,283 | 1,891,955 | |
| | | | | <u>7,242,851</u> | <u>10,098,964</u> | <u>11.36</u> |
| Information Technology | | | | | | |
| 40,300 | CGI Group Inc., Class A | | | 1,433,469 | 2,670,278 | |
| 20,000 | Descartes Systems Group Inc. | | | 318,287 | 631,000 | |
| 4,300 | Descartes Systems Group Inc. NPV | | | 62,079 | 135,981 | |
| | | | | <u>1,813,835</u> | <u>3,437,259</u> | <u>3.87</u> |

Educators Growth Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Units or Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|---------------------------------------|----------------|------------------|----------------------|----------------------|---|
| Materials | | | | | | |
| 18,500 | Agrium Inc. | | | 2,273,609 | 2,174,305 | |
| 36,000 | Franco-Nevada Corp. | | | 2,457,952 | 3,368,520 | |
| 74,800 | Pretium Resources Inc. | | | 1,076,225 | 932,008 | |
| 106,400 | Tahoe Resources Inc. | | | 1,288,411 | 1,189,552 | |
| 49,100 | Teck Resources Ltd. | | | 1,546,775 | 1,103,768 | |
| | | | | <u>8,642,972</u> | <u>8,768,153</u> | <u>9.86</u> |
| Telecommunication Services | | | | | | |
| 23,900 | BCE Inc. | | | 1,430,403 | 1,395,760 | |
| 35,300 | Rogers Communications Inc. | | | 1,753,387 | 2,162,125 | |
| | | | | <u>3,183,790</u> | <u>3,557,885</u> | <u>4.00</u> |
| Utilities | | | | | | |
| 26,100 | Atco Ltd. | | | 1,322,021 | 1,323,531 | |
| | | | | <u>1,322,021</u> | <u>1,323,531</u> | <u>1.49</u> |
| Exchange Traded Fund | | | | | | |
| 127,900 | BMO Junior Oil Index ETF | | | 1,959,457 | 1,528,405 | |
| 75,800 | BMO S&P 500 Index ETF | | | 2,663,336 | 2,621,164 | |
| | | | | <u>4,622,793</u> | <u>4,149,569</u> | <u>4.67</u> |
| | | | | <u>75,750,799</u> | <u>86,269,075</u> | <u>97.03</u> |
| Foreign Common Stocks | | | | | | |
| Bermuda | | | | | | |
| Utilities | | | | | | |
| 22,000 | Brookfield Infrastructure Partners LP | | | 1,124,661 | 1,166,880 | |
| | | | | <u>1,124,661</u> | <u>1,166,880</u> | <u>1.31</u> |
| Total Investments | | | | <u>78,323,536</u> | <u>88,884,031</u> | <u>99.97</u> |
| Transaction Costs | | | | <u>(42,006)</u> | | |
| Net Investments | | | | <u>\$ 78,281,530</u> | <u>88,884,031</u> | <u>99.97</u> |
| Other Assets Less Liabilities | | | | | <u>22,994</u> | <u>0.03</u> |
| Net Assets Attributable to Holders of Redeemable Units | | | | | <u>\$ 88,907,025</u> | <u>100.00</u> |

Educators North American Diversified Fund

Statements of Financial Position

As at June 30, 2017 (unaudited) and December 31, 2016 (audited)

| | 2017 | 2016 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ - | \$ 46,354 |
| Interest and dividends receivable | 171,165 | 152,994 |
| Subscriptions receivable | 39,957 | 61,956 |
| Due from brokers | 703,390 | - |
| Forward contracts (Note 10) | 90,082 | 150,314 |
| Investments | <u>96,442,559</u> | <u>95,640,694</u> |
| Total assets | \$ <u>97,447,153</u> | \$ <u>96,052,312</u> |
| Liabilities | | |
| Current liabilities | | |
| Bank overdraft | 45,935 | - |
| Due to brokers | 1,335,708 | - |
| Redemptions payable | 68,878 | 25,583 |
| Amounts due to Manager-Trustee (Note 6) | <u>153,333</u> | <u>151,068</u> |
| Total liabilities | <u>1,603,854</u> | <u>176,651</u> |
| Net assets attributable to holders of redeemable units | \$ <u>95,843,299</u> | \$ <u>95,875,661</u> |
| Number of redeemable units outstanding (Note 3) | <u>4,623,408</u> | <u>4,750,945</u> |
| Net assets attributable to holders of redeemable units per unit | \$ <u>20.73</u> | \$ <u>20.18</u> |

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed "*Chuck Hamilton*", CEO

Signed "*Stuart Mulcahy*", CFO

Educators North American Diversified Fund**Statements of Comprehensive Income***For the six months ended June 30, 2017 and 2016 (unaudited)*

| | 2017 | | 2016 |
|---|---------------------|----|------------------|
| Income | | | |
| Interest for distribution purposes | \$ 24,564 | \$ | 10,570 |
| Dividends | 1,082,245 | | 916,800 |
| Securities lending (Note 5) | 7,565 | | 15,560 |
| Other income | 1,227 | | 16,634 |
| Other changes in fair value of investments: | | | |
| Net realized gain | 3,087,875 | | 249,003 |
| Net realized gain on forward contracts | 284,500 | | 1,353,148 |
| Net change in unrealized depreciation | (775,196) | | (499,698) |
| Net change in unrealized (loss) gain on forward contracts | (60,232) | | 1,150,713 |
| Total income | <u>3,652,548</u> | | <u>3,212,730</u> |
| Expenses | | | |
| Management fees (Note 6) | 852,625 | | 791,083 |
| Independent review committee fees | 4,417 | | 4,894 |
| Transaction costs | 39,077 | | 49,088 |
| Withholding taxes | 51,055 | | 57,700 |
| Harmonised sales tax | 106,731 | | 99,164 |
| | <u>1,053,905</u> | | <u>1,001,929</u> |
| Less expenses waived/absorbed by Manager-Trustee (Note 6) | (24,621) | | (22,964) |
| Total expenses | <u>1,029,284</u> | | <u>978,965</u> |
| Increase in net assets attributable to holders of redeemable units | <u>\$ 2,623,264</u> | \$ | <u>2,233,765</u> |
| Weighted average units outstanding during the period | <u>4,684,393</u> | | <u>5,013,832</u> |
| Increase in net assets attributable to holders of redeemable units per unit \$ | <u>0.56</u> | \$ | <u>0.45</u> |

Educators North American Diversified Fund**Statements of Changes in Net Assets Attributable to Holders of Redeemable Units***For the six months ended June 30, 2017 and 2016 (unaudited)*

| | 2017 | | 2016 |
|---|----------------------|----|--------------------|
| Net assets attributable to holders of redeemable units, beginning of period | \$ 95,875,661 | \$ | 94,454,375 |
| Increase in net assets attributable to holders of redeemable units | 2,623,264 | | 2,233,765 |
| Redeemable unit transactions | | | |
| Proceeds from redeemable units issued | 4,053,117 | | 2,500,777 |
| Redemption of redeemable units | (6,708,743) | | (5,401,868) |
| Reinvestments of distributions to holders of redeemable units | - | | - |
| Net decrease from redeemable unit transactions | <u>(2,655,626)</u> | | <u>(2,901,091)</u> |
| Net decrease in net assets attributable to holders of redeemable units | <u>(32,362)</u> | | <u>(667,326)</u> |
| Net assets attributable to holders of redeemable units, end of period | <u>\$ 95,843,299</u> | \$ | <u>93,787,049</u> |

See accompanying notes to the financial statements

Educators North American Diversified Fund

Statements of Cash Flows

For the six months ended June 30, 2017 and 2016 (unaudited)

| | 2017 | 2016 |
|--|--------------------|---------------------|
| Cash Flow from Operating Activities | | |
| Increase in net assets attributable to holders of redeemable units | \$ 2,623,264 | \$ 2,233,765 |
| Adjustments for: | | |
| Net realized gain on sale of investments | (3,087,875) | (249,003) |
| Net change in unrealized appreciation in value of investments | 775,196 | 499,698 |
| Net change in unrealized loss (gain) on forward currency contracts | 60,232 | (1,150,713) |
| Purchase of investments | (22,871,015) | (40,283,622) |
| Proceeds from disposal of investments | 25,014,147 | 41,549,817 |
| Increase in interest and dividends receivable | (18,171) | (14,737) |
| Increase (decrease) in amounts due to Manager-Trustee | 2,265 | (9,470) |
| Cash provided by operating activities | <u>2,498,043</u> | <u>2,575,735</u> |
| Cash Flow from Financing Activities | | |
| Proceeds from redeemable units issued | 4,075,116 | 2,549,966 |
| Redemption of redeemable units | (6,665,448) | (5,413,017) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | - | - |
| Cash used by financing activities | <u>(2,590,332)</u> | <u>(2,863,051)</u> |
| Decrease in cash | \$ <u>(92,289)</u> | \$ <u>(287,316)</u> |
| Cash, beginning of period | \$ <u>46,354</u> | \$ <u>145,209</u> |
| Bank overdraft, end of period | \$ <u>(45,935)</u> | \$ <u>(142,107)</u> |
| Supplemental cash flow information: | | |
| Dividends received, net of withholding taxes | \$ 1,014,663 | \$ 845,759 |
| Interest received | \$ 23,795 | \$ 10,691 |

See accompanying notes to the financial statements

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-------------------------------|--------------------------------------|----------------|------------------|-------------------|-------------------|--|
| Short-Term Investments | | | | | | |
| Treasury Bills | | | | | | |
| 175,000 | Canadian Treasury Bill | 0.540% | 13-Jul-2017 | 174,778 | 174,778 | |
| 730,000 | Canadian Treasury Bill | 0.516% | 27-Jul-2017 | 729,047 | 729,047 | |
| 170,000 | Canadian Treasury Bill | 0.499% | 10-Aug-2017 | 169,791 | 169,791 | |
| 240,000 | Canadian Treasury Bill | 0.507% | 24-Aug-2017 | 239,686 | 239,686 | |
| 175,000 | Canadian Treasury Bill | 0.521% | 7-Sep-2017 | 174,783 | 174,783 | |
| 275,000 | Canadian Treasury Bill | 0.537% | 21-Sep-2017 | 274,604 | 274,604 | |
| 300,000 | Canadian Treasury Bill | 0.701% | 5-Oct-2017 | 299,442 | 299,442 | |
| | | | | <u>2,062,131</u> | <u>2,062,131</u> | <u>2.15</u> |
| Canadian Common Stocks | | | | | | |
| Consumer Discretionary | | | | | | |
| 3,600 | Canadian Tire Corp Ltd. | | | 511,745 | 531,216 | |
| 4,506 | Dollarama Inc. | | | 253,771 | 558,338 | |
| 56,000 | Hudson's Bay Co. | | | 636,217 | 647,920 | |
| 17,200 | Quebecor Inc. | | | 625,483 | 738,224 | |
| 9,800 | Restaurant Brands International Inc. | | | 519,245 | 795,172 | |
| | | | | <u>2,546,461</u> | <u>3,270,870</u> | <u>3.42</u> |
| Consumer Staples | | | | | | |
| 23,000 | Alimentation Couche-Tard Inc. | | | 1,103,296 | 1,429,680 | |
| 6,200 | Loblaw Cos Ltd. | | | 396,507 | 447,268 | |
| 8,000 | Saputo Inc. | | | 350,110 | 330,000 | |
| | | | | <u>1,849,913</u> | <u>2,206,948</u> | <u>2.31</u> |
| Energy | | | | | | |
| 41,500 | Advantage Oil & Gas Ltd. | | | 322,409 | 363,955 | |
| 47,371 | Canadian Natural Resources Ltd. | | | 1,687,484 | 1,772,623 | |
| 20,000 | Cenovus Energy Inc. | | | 320,000 | 191,200 | |
| 45,911 | Enbridge Inc. | | | 2,345,010 | 2,371,762 | |
| 16,000 | Keyera Corp. | | | 621,162 | 653,120 | |
| 17,000 | Pembina Pipeline Corp. | | | 683,875 | 730,150 | |
| 55,000 | Precision Drilling Corp. | | | 375,812 | 243,650 | |
| 12,700 | Seven Generations Energy Ltd. | | | 372,382 | 282,067 | |
| 59,250 | Suncor Energy Inc. | | | 2,074,119 | 2,244,983 | |
| 60,000 | TORC Oil & Gas Ltd. | | | 489,385 | 304,200 | |
| 27,800 | TransCanada Corp. | | | 1,460,536 | 1,718,596 | |
| 14,379 | Vermilion Energy Inc. | | | 679,333 | 591,552 | |
| 46,500 | Whitecap Resources Inc. | | | 522,989 | 430,590 | |
| | | | | <u>11,954,496</u> | <u>11,898,448</u> | <u>12.41</u> |
| Financials | | | | | | |
| 19,600 | Bank of Montreal | | | 1,587,054 | 1,866,312 | |
| 36,660 | Bank of Nova Scotia | | | 2,311,177 | 2,859,847 | |
| 25,000 | Brookfield Asset Management Inc. | | | 1,107,602 | 1,272,250 | |
| 10,000 | Canadian Imperial Bank of Commerce | | | 1,075,798 | 1,053,900 | |
| 37,000 | Fiera Capital Corp. | | | 477,016 | 508,750 | |
| 8,800 | Intact Financial Corp. | | | 800,618 | 862,048 | |
| 74,180 | Manulife Financial Corp. | | | 1,554,912 | 1,803,316 | |
| 9,000 | National Bank of Canada | | | 414,590 | 490,770 | |
| 43,501 | Royal Bank of Canada | | | 2,792,326 | 4,096,054 | |
| 18,000 | Sun Life Financial Inc. | | | 756,568 | 834,480 | |
| 47,154 | Toronto-Dominion Bank | | | 1,764,399 | 3,081,514 | |
| 1 | Trisura Group Ltd. | | | 21 | 22 | |
| | | | | <u>14,642,081</u> | <u>18,729,263</u> | <u>19.54</u> |

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-----------------------------------|---|----------------|------------------|-------------------|-------------------|--|
| Industrials | | | | | | |
| 5,100 | Boyd Group Income Fund | | | 253,412 | 490,365 | |
| 20,400 | Canadian National Railway Co. | | | 953,552 | 2,146,488 | |
| 6,800 | Canadian Pacific Railway Ltd. | | | 1,328,815 | 1,418,820 | |
| 10,500 | New Flyer Industries Inc. | | | 430,702 | 569,520 | |
| 13,000 | SNC-Lavalin Group Inc. | | | 720,062 | 728,910 | |
| 7,050 | Waste Connections Inc. | | | 444,920 | 588,887 | |
| | | | | <u>4,131,463</u> | <u>5,942,990</u> | <u>6.20</u> |
| Information Technology | | | | | | |
| 21,300 | CGI Group Inc., Class A | | | 850,117 | 1,411,338 | |
| 18,300 | Open Text Corp. | | | 637,611 | 749,019 | |
| | | | | <u>1,487,728</u> | <u>2,160,357</u> | <u>2.25</u> |
| Materials | | | | | | |
| 23,400 | Agnico Eagle Mines Ltd. | | | 1,033,513 | 1,368,432 | |
| 8,800 | Agrium Inc. | | | 1,161,199 | 1,034,265 | |
| 13,500 | Barrick Gold Corp. | | | 312,567 | 278,505 | |
| 10,500 | CCL Industries Inc. | | | 319,128 | 688,904 | |
| 58,000 | First Quantum Minerals Ltd. | | | 863,961 | 636,260 | |
| 11,500 | Franco-Nevada Corp. | | | 923,141 | 1,076,055 | |
| 57,000 | HudBay Minerals Inc. | | | 433,780 | 427,500 | |
| 20,000 | Teck Resources Ltd. | | | 585,136 | 449,600 | |
| 11,100 | Wheaton Precious Metals Corp. | | | 274,678 | 285,936 | |
| | | | | <u>5,907,103</u> | <u>6,245,457</u> | <u>6.52</u> |
| Real Estate | | | | | | |
| 34,000 | Killam Apartment Real Estate Investment Trust | | | 423,106 | 433,160 | |
| 44,000 | Pure Industrial Real Estate Trust | | | 229,227 | 302,720 | |
| 33,000 | Pure Multi-Family REIT LP | | | 251,414 | 287,100 | |
| 17,000 | RioCan Real Estate Investment Trust | | | 466,995 | 409,190 | |
| | | | | <u>1,370,742</u> | <u>1,432,170</u> | <u>1.49</u> |
| Telecommunication Services | | | | | | |
| 14,700 | BCE Inc. | | | 882,599 | 858,480 | |
| 9,400 | Rogers Communications Inc. | | | 452,840 | 575,750 | |
| | | | | <u>1,335,439</u> | <u>1,434,230</u> | <u>1.50</u> |
| Utilities | | | | | | |
| 21,000 | Algonquin Power & Utilities Corp. | | | 249,795 | 286,650 | |
| 18,500 | Fortis Inc. | | | 732,413 | 843,230 | |
| | | | | <u>982,208</u> | <u>1,129,880</u> | <u>1.18</u> |
| | | | | <u>46,207,634</u> | <u>54,450,613</u> | <u>56.82</u> |
| Foreign Common Stocks | | | | | | |
| Bermuda | | | | | | |
| Real Estate | | | | | | |
| 14,500 | Brookfield Property Partners LP | | | 426,727 | 444,860 | |
| | | | | <u>426,727</u> | <u>444,860</u> | <u>0.46</u> |
| Ireland | | | | | | |
| Health Care | | | | | | |
| 3,100 | Accenture PLC | | | 460,953 | 497,932 | |
| 4,600 | Medtronic PLC | | | 339,030 | 530,195 | |
| | | | | <u>799,983</u> | <u>1,028,127</u> | <u>1.07</u> |

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-------------------------------|--------------------------------|----------------|------------------|------------------|------------------|--|
| Singapore | | | | | | |
| Information Technology | | | | | | |
| 2,500 | Broadcom Ltd. | | | 523,093 | 756,656 | |
| | | | | <u>523,093</u> | <u>756,656</u> | 0.79 |
| Switzerland | | | | | | |
| Financials | | | | | | |
| 4,100 | Chubb Ltd. | | | 649,975 | 774,101 | |
| | | | | <u>649,975</u> | <u>774,101</u> | 0.81 |
| United States | | | | | | |
| Consumer Discretionary | | | | | | |
| 900 | Amazon.com Inc. | | | 651,414 | 1,131,429 | |
| 21,000 | Comcast Corp. | | | 659,433 | 1,061,454 | |
| 11,600 | Newell Brands Inc. | | | 697,637 | 807,782 | |
| 7,200 | TJX Cos Inc. | | | 712,049 | 674,836 | |
| 6,200 | Walt Disney Co. | | | 711,440 | 855,519 | |
| | | | | <u>3,431,973</u> | <u>4,531,020</u> | 4.73 |
| Consumer Staples | | | | | | |
| 2,300 | Constellation Brands Inc. | | | 276,606 | 578,674 | |
| 3,600 | Costco Wholesale Corp. | | | 665,390 | 747,725 | |
| 7,500 | Kraft Heinz Co. | | | 852,477 | 834,156 | |
| 2,900 | PepsiCo Inc. | | | 379,781 | 434,962 | |
| | | | | <u>2,174,254</u> | <u>2,595,517</u> | 2.71 |
| Energy | | | | | | |
| 4,000 | Anadarko Petroleum Corp. | | | 374,522 | 235,532 | |
| 7,100 | EOG Resources Inc. | | | 702,888 | 834,665 | |
| 4,100 | Exxon Mobil Corp. | | | 448,815 | 429,861 | |
| 9,000 | Halliburton Co. | | | 467,395 | 499,208 | |
| 3,500 | Pioneer Natural Resources Co. | | | 734,180 | 725,364 | |
| | | | | <u>2,727,800</u> | <u>2,724,630</u> | 2.84 |
| Financials | | | | | | |
| 33,500 | Bank of America Corp. | | | 1,032,999 | 1,055,468 | |
| 2,009 | BlackRock Inc. | | | 688,089 | 1,102,106 | |
| 12,000 | Intercontinental Exchange Inc. | | | 762,027 | 1,027,325 | |
| 15,700 | JPMorgan Chase & Co. | | | 968,063 | 1,863,610 | |
| 8,095 | Wells Fargo & Co. | | | 468,711 | 582,525 | |
| | | | | <u>3,919,889</u> | <u>5,631,034</u> | 5.89 |
| Health Care | | | | | | |
| 4,200 | Aetna Inc. | | | 501,904 | 828,164 | |
| 2,900 | Amgen Inc. | | | 626,754 | 648,658 | |
| 5,400 | Celgene Corp. | | | 802,105 | 910,777 | |
| 5,700 | Johnson & Johnson | | | 652,073 | 979,290 | |
| 11,100 | Merck & Co Inc. | | | 896,845 | 923,895 | |
| 12,000 | Pfizer Inc. | | | 531,125 | 523,481 | |
| | | | | <u>4,010,806</u> | <u>4,814,265</u> | 5.02 |

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2017 (Unaudited)

| No. of Shares or Par Value | Description | Coupon Rate | Maturity Date | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|---|------------------------------|----------------|------------------|----------------------|----------------------|--|
| Industrials | | | | | | |
| 1,700 | 3M Co. | | | 330,684 | 459,640 | |
| 3,400 | Honeywell International Inc. | | | 379,217 | 588,553 | |
| 1,900 | Lockheed Martin Corp. | | | 500,379 | 685,012 | |
| 12,500 | Masco Corp. | | | 552,219 | 620,292 | |
| 3,200 | Raytheon Co. | | | 633,293 | 671,086 | |
| 7,600 | Union Pacific Corp. | | | 982,220 | 1,074,956 | |
| | | | | <u>3,378,012</u> | <u>4,099,539</u> | <u>4.28</u> |
| Information Technology | | | | | | |
| 6,700 | Activision Blizzard Inc. | | | 234,376 | 500,934 | |
| 3,700 | Adobe Systems Inc. | | | 276,073 | 679,647 | |
| 1,000 | Alphabet Inc. | | | 759,563 | 1,207,376 | |
| 6,900 | Apple Inc. | | | 1,012,267 | 1,290,569 | |
| 13,500 | Cisco Systems Inc. | | | 499,767 | 548,766 | |
| 4,100 | Facebook Inc. | | | 576,587 | 803,919 | |
| 11,500 | Microsoft Corp. | | | 595,244 | 1,029,474 | |
| 5,500 | Texas Instruments Inc. | | | 303,859 | 549,500 | |
| 7,380 | Visa Inc. | | | 425,522 | 898,826 | |
| | | | | <u>4,683,258</u> | <u>7,509,011</u> | <u>7.83</u> |
| Materials | | | | | | |
| 5,500 | Vulcan Materials Co. | | | 815,716 | 904,857 | |
| | | | | <u>815,716</u> | <u>904,857</u> | <u>0.94</u> |
| Real Estate | | | | | | |
| 3,800 | Simon Property Group Inc. | | | 1,002,579 | 798,296 | |
| | | | | <u>1,002,579</u> | <u>798,296</u> | <u>0.83</u> |
| Utilities | | | | | | |
| 4,900 | NextEra Energy Inc. | | | 671,094 | 891,736 | |
| | | | | <u>671,094</u> | <u>891,736</u> | <u>0.93</u> |
| Exchange Traded Fund | | | | | | |
| 13,783 | Vanguard Small-Cap ETF | | | 1,350,347 | 2,426,166 | |
| | | | | <u>1,350,347</u> | <u>2,426,166</u> | <u>2.53</u> |
| | | | | <u>30,565,506</u> | <u>39,929,815</u> | <u>41.66</u> |
| Total Investments | | | | 78,835,271 | 96,442,559 | 100.63 |
| Transaction Costs | | | | (79,581) | | |
| Net Investments | | | | <u>\$ 78,755,690</u> | 96,442,559 | 100.63 |
| Other Liabilities Less Assets | | | | | (599,260) | (0.63) |
| Net Assets Attributable to Holders of Redeemable Units | | | | | <u>\$ 95,843,299</u> | <u>100.00</u> |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

1. Educators Financial Group Inc. Funds

The Educators Financial Group Inc. Funds (individually “Fund” and collectively “Funds”) consist of eight mutual fund trusts. The Funds are open-end trustee investment funds established under the laws of Ontario issuing units of the Funds to eligible purchasers on a continuous basis, with the objective of providing a means to invest through professionally managed pools of money.

Educators Financial Group Inc. is the manager and trustee (“Manager-Trustee”) of the Funds.

Each Fund has authorized an unlimited number of Class A non-transferable, redeemable trust units (“units”) which may only be issued as fully paid. The unit continuity of Class A units is shown in Note 3.

| <u>Fund</u> | <u>Date of Inception</u> |
|---------------------------------|--------------------------|
| Money Market Fund | June 24, 1984 |
| Mortgage & Income Fund | June 24, 1984 |
| Bond Fund | March 14, 2011 |
| Balanced Fund | June 24, 1984 |
| Monthly Income Fund | March 14, 2011 |
| Dividend Fund | February 7, 2000 |
| Growth Fund | June 24, 1984 |
| North American Diversified Fund | June 24, 1984 |

The address of the Funds’ registered office is 2225 Sheppard Avenue East, Suite 1105, Toronto, Ontario M2J 5C2.

These financial statements were authorized for issue by the Board of Directors on August 15, 2017.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) including International Accounting Standards (“IAS”) 34: Interim Financial Reporting, as published by the International Accounting Standards Board (“IASB”).

The financial statements are presented in Canadian dollars, the functional currency of the Funds, and are rounded to the nearest dollar unless otherwise noted.

The following summarizes the accounting policies of the Funds for the period ended June 30, 2017 and year ended December 31, 2016:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

2. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are required to be classified into one of the following categories: fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held to maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Subsequent measurement depends on the classification of the financial instrument.

The Funds' financial instruments consist of cash, interest and dividends receivable, subscriptions receivable, amounts due from brokers, investments, bank overdraft, redemptions payable, distributions payable, amounts due to brokers, foreign currency forward contracts, amounts due to Manager-Trustee and net assets attributable to holders of redeemable units. Investments are subsequently measured at fair value based on the policies described below. Other financial assets are categorized as loans and receivables and financial liabilities are categorized as other financial liabilities. The Funds' obligations for net assets attributable to holders of redeemable units are presented at the redemption amount. Financial instruments other than investments and foreign currency forward contracts are subsequently measured at amortized cost using the effective interest method and their carrying values approximate their fair values given their short-term nature.

Valuation of investments

Under IFRS, the Funds measure the fair values of their investments using the guidance in IFRS 13 *Fair Value Measurement* ("IFRS 13"). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investments and derivative assets and liabilities are measured at fair value through profit or loss ("FVTPL"). The Funds' accounting policies for measuring the fair value of their investments and derivatives are consistent with those used in measuring its Net Asset Value ("NAV") for transactions with unitholders. Investments held include common stocks, short-term investments, bonds, debentures, mutual funds, asset-backed securities and other debt instruments. The fair value of investments is determined as follows:

- (a) Investments that are publicly traded are valued at last traded market price where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager-Trustee determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.
- (b) Investments held that are not traded in an active market are valued based on the results of using valuation techniques, using observable market inputs, to the extent available, on such basis and in such manner established by the Manager-Trustee.
- (c) Investments in underlying funds are valued at the NAV per unit as at the valuation date, as this value is the most readily and regularly available.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding transaction costs.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

2. Summary of significant accounting policies (continued)

Transaction costs

Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors and brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Forward currency contracts

Forward currency contracts are recognized in the Statements of Financial Position when the Funds become a party to the contractual provisions of the instrument. The instrument is derecognized from the Statements of Financial Position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value, which is the gain or loss, if any, that would be realized if the position in the contracts were to be settled on the valuation date. The resulting unrealized gain or loss is presented as a Forward contract asset or liability in the Statements of Financial Position and is included in Change in unrealized appreciation (depreciation) on forward currency contracts in the Statements of Comprehensive Income. Any gain or loss arising from forward currency contracts at close or delivery will be recorded as Realized gain (loss) on forward currency contracts in the Statements of Comprehensive Income. As described in Note 10, the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund use forward currency contracts to deliver currencies at specified future dates.

Investment transactions and investment income

Investment transactions are accounted for on the trade date. The dividend income is recognized on the ex-dividend date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Unit valuation

The Funds' units are issued and redeemed at the NAV per unit. For the Mortgage & Income, North American Diversified, Growth, Balanced, Dividend, Bond and Monthly Income Funds, the NAV per unit is determined by dividing the NAV at the close of business of each day by the total number of units outstanding at such time. For the Money Market Fund, the month end NAV per unit is fixed at \$10 per unit by distributing net investment income monthly.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

2. Summary of significant accounting policies (continued)

Foreign currency translation

The Funds' subscriptions and redemptions are denominated in Canadian dollars, which is also the Funds' functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that the transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to investments are presented within Realized gain (loss) on sale of investments and Change in unrealized appreciation (depreciation) in value of investments in the Statements of Comprehensive Income.

Per unit from operations

Increase (decrease) in net assets attributable to holders of redeemable units per unit on the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the daily weighted average number of units outstanding during the year.

Use of estimates and judgments

These financial statements, prepared in accordance with IFRS, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and income and expenses during the period. Actual results could differ from these estimates.

In classifying and measuring financial instruments held by the Funds, the Manager-Trustee is required to make significant judgments about whether the Funds meet the definition of an investment entity, whereby the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for the financial assets under IAS 39 *Financial instruments – Recognition and Measurement* ("IAS 39"). A significant judgment in these financial statements is the determination that certain investments are held-for-trading and that the fair value option can be applied to investments which are not.

Management uses valuation techniques in measuring the fair value of investments where active market quotes are not available. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

2. Summary of significant accounting policies (continued)

Distribution to unitholders

The net investment income and net realized capital gains of each of the Funds are distributed in cash or reinvested in additional units, as follows:

| <u>Fund</u> | <u>Distribution of Net Investment Income</u> | <u>Distribution of Net Realized Capital Gain</u> |
|---------------------------------|--|--|
| Money Market Fund | Monthly | N/A |
| Mortgage & Income Fund | Monthly | Annually |
| Bond Fund | Quarterly | Annually |
| Balanced Fund | Semi-annually | Annually |
| Monthly Income Fund | Monthly | Annually |
| Dividend Fund | Semi-annually | Annually |
| Growth Fund | Semi-annually | Annually |
| North American Diversified Fund | Semi-annually | Annually |

3. Redeemable unit continuity

Each redeemable unit represents a beneficial interest ranking equally in all distributions when and as declared payable, including the proceeds of liquidation of Fund property.

An unlimited number of the Funds' redeemable units may be issued, which are redeemable at the Unitholder's option in accordance with the terms of the Declaration of Trust of the Funds. The capital of the Funds is represented by its redeemable units. The Funds' units are managed by the Manager-Trustee in accordance with the Funds' investment objectives, strategies and restrictions as outlined in the Simplified Prospectus, while maintaining sufficient liquidity to meet redemptions.

Classification of redeemable units issued by the Fund

Under IFRS, IAS 32 *Financial Instruments – Presentation* ("IAS 32") requires that issued capital of an entity which includes a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liabilities. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities.

The following redeemable units were issued for cash, issued on reinvestment of distributions and redeemed during the period ended June 30, 2017 and year ended December 31, 2016.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

3. Redeemable unit continuity (continued)

| <u>Fund</u> | <u>Period</u> | Number of units, Beginning of <u>Period</u> | Units <u>Issued</u> | Units Issued from <u>Reinvested</u> <u>Distributions</u> | Units <u>Redeemed</u> | Number of units, End of <u>Period</u> |
|---------------------------------|---------------|---|------------------------|---|--------------------------|---|
| Money Market Fund | 2017 | 1,712,916 | 594,120 | 664 | (661,180) | 1,646,520 |
| | 2016 | 1,943,435 | 809,585 | 1,440 | (1,041,544) | 1,712,916 |
| Mortgage & Income Fund | 2017 | 17,566,363 | 1,890,035 | 149,678 | (1,609,344) | 17,996,732 |
| | 2016 | 17,955,859 | 2,320,047 | 321,450 | (3,030,993) | 17,566,363 |
| Bond Fund | 2017 | 1,032,691 | 41,877 | 8,239 | (78,125) | 1,004,682 |
| | 2016 | 896,328 | 243,338 | 19,437 | (126,412) | 1,032,691 |
| Balanced Fund | 2017 | 11,162,886 | 1,188,606 | 247 | (607,153) | 11,744,586 |
| | 2016 | 10,565,315 | 1,523,175 | 316,003 | (1,241,607) | 11,162,886 |
| Monthly Income Fund | 2017 | 5,408,281 | 734,236 | 161,495 | (339,278) | 5,964,734 |
| | 2016 | 5,030,870 | 909,511 | 303,732 | (835,832) | 5,408,281 |
| Dividend Fund | 2017 | 4,415,490 | 421,021 | 9,092 | (277,655) | 4,567,948 |
| | 2016 | 4,330,034 | 639,578 | 26,952 | (581,074) | 4,415,490 |
| Growth Fund | 2017 | 3,704,213 | 294,480 | 198,792 | (251,678) | 3,945,807 |
| | 2016 | 3,821,905 | 361,142 | 10,355 | (489,189) | 3,704,213 |
| North American Diversified Fund | 2017 | 4,750,945 | 194,194 | - | (321,731) | 4,623,408 |
| | 2016 | 5,089,059 | 324,650 | - | (662,764) | 4,750,945 |

4. Income taxes

The Funds qualify as Mutual Fund Trusts under the Income Tax Act (the "Act"). The Funds are subject to tax under the Act on all of their taxable income for the year (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to the Unitholders. It is the policy of the Funds to allocate to the Unitholders all income of the Funds for the year, which then becomes taxable for the Unitholders. Accordingly, no provision for income taxes has been made in these financial statements. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position as deferred tax assets.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

4. Income taxes (continued)

As at the Funds most recent taxation year end of December 31, 2016, the Funds had capital losses carried forward as follows:

| | 2016 | 2015 |
|---------------------------------|-------------|-------------|
| Money Market Fund | \$ - | \$ - |
| Mortgage & Income Fund | 1,452,778 | 2,231,150 |
| Bond Fund | - | 43,311 |
| Balanced Fund | - | - |
| Monthly Income Fund | 242,540 | 211,924 |
| Dividend Fund | 6,963,017 | 6,963,017 |
| Growth Fund | - | - |
| North American Diversified Fund | 1,834,326 | 3,172,517 |

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

5. Securities lending

The Funds lend portfolio securities to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of the Funds.

The Funds have entered into a securities lending program with RBC Investor Services Trust (the "Custodian" and "Securities Lending Agent"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of the Fund. The Funds receive collateral of at least 102% of the value of securities on loan. Collateral consists primarily of fixed income securities.

The aggregate dollar value of the securities that were on loan and the collateral received by the Funds that remains outstanding as at June 30, 2017 are as follows:

| | Market Value of Securities On Loan \$ | Market Value of Collateral Received \$ |
|---------------------------------|--|---|
| Money Market Fund | 4,651,873 | 4,744,913 |
| Mortgage & Income Fund | 18,671,123 | 19,044,554 |
| Balanced Fund | 13,963,432 | 14,247,138 |
| Monthly Income Fund | 9,879,353 | 10,076,949 |
| Dividend Fund | 14,984,320 | 15,284,011 |
| Growth Fund | 6,586,901 | 6,718,644 |
| North American Diversified Fund | 16,167,946 | 16,491,319 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

5. Securities lending (continued)

The aggregate dollar value of the securities that were on loan and the collateral received by the Funds that remains outstanding as at December 31, 2016 are as follows:

| | Market Value of Securities On Loan \$ | Market Value of Collateral Received \$ |
|---------------------------------|--|---|
| Money Market Fund | 6,129,234 | 6,251,822 |
| Mortgage & Income Fund | 23,421,234 | 23,889,663 |
| Balanced Fund | 22,518,000 | 22,972,322 |
| Monthly Income Fund | 8,777,751 | 8,953,321 |
| Dividend Fund | 10,905,034 | 11,123,142 |
| Growth Fund | 16,177,654 | 16,501,219 |
| North American Diversified Fund | 9,074,620 | 9,256,123 |

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Funds' Securities Lending Agent is entitled to receive. The Securities Lending Agent manages the Funds' securities lending program in accordance with NI 81-102 Investment Funds and charges a fee for the service.

The securities lending charges represent 40% of the gross securities lending income.

For the period ended June 30, 2017, the securities lending income were as follows:

| | Gross securities lending income \$ | Securities lending charges \$ | Net securities lending income \$ | Withholding taxes on securities lending income \$ | Net securities lending income received by the Fund \$ |
|---------------------------------|--|--|--|--|--|
| Money Market Fund | 2,963 | (1,185) | 1,778 | - | 1,778 |
| Mortgage & Income Fund | 24,538 | (9,815) | 14,723 | (5,437) | 9,286 |
| Balanced Fund | 13,147 | (5,259) | 7,888 | (1,127) | 6,761 |
| Monthly Income Fund | 6,577 | (2,631) | 3,946 | (361) | 3,585 |
| Dividend Fund | 12,210 | (4,884) | 7,326 | (1,121) | 6,205 |
| Growth Fund | 8,873 | (3,549) | 5,324 | (649) | 4,675 |
| North American Diversified Fund | 12,609 | (5,044) | 7,565 | (875) | 6,690 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

5. Securities lending (continued)

For the period ended June 30, 2016, the securities lending income were as follows:

| | Gross securities lending income | Securities lending charges | Net securities lending income | Withholding taxes on securities lending income | Net securities lending income received by the Fund |
|---------------------------------|---------------------------------|----------------------------|-------------------------------|--|--|
| | \$ | \$ | \$ | \$ | \$ |
| Money Market Fund | 2,715 | (1,086) | 1,629 | - | 1,629 |
| Mortgage & Income Fund | 23,445 | (9,378) | 14,067 | (5,136) | 8,931 |
| Balanced Fund | 14,916 | (5,966) | 8,950 | (1,818) | 7,132 |
| Monthly Income Fund | 25,597 | (10,239) | 15,358 | (99) | 15,259 |
| Dividend Fund | 14,754 | (5,902) | 8,852 | (26) | 8,826 |
| Growth Fund | 4,539 | (1,815) | 2,724 | (161) | 2,563 |
| North American Diversified Fund | 25,934 | (10,374) | 15,560 | (1,517) | 14,043 |

6. Management fees

The Manager-Trustee is responsible for the management of the overall business and operations of the Funds. The annual management fee rate applicable to each Fund is as follows:

| <u>Fund</u> | <u>2017</u> | <u>2016</u> |
|---------------------------------|-------------|-------------|
| Money Market Fund | 0.55% | 0.55% |
| Mortgage & Income Fund | 1.10% | 1.10% |
| Bond Fund | 1.10% | 1.10% |
| Balanced Fund | 1.75% | 1.75% |
| Monthly Income Fund | 1.15% | 1.15% |
| Dividend Fund | 1.60% | 1.60% |
| Growth Fund | 1.75% | 1.75% |
| North American Diversified Fund | 1.75% | 1.75% |

The Manager-Trustee has elected to reduce the management fees for certain of the Funds. The management fee rates presented above relate to the contractual rates prior to any reduction. Management fees and related reductions are presented on a gross basis on the Statements of Comprehensive Income.

Expenses related to the Funds, including bookkeeping, accounting, registry and transfer agency services, services required in connection with the provision of information to investors, interest expenses, audit and legal fees, RSP fees and custodial charges are paid by the Manager-Trustee from management fees received. The Funds are responsible for paying any applicable harmonized sales taxes owing on management fees or expenses of the Funds.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

7. Related party transactions

At June 30, 2017 and December 31, 2016, the parent company of the Manager-Trustee and the Manager-Trustee hold units of the Funds with an aggregate fair market value of the following:

| Funds | Parent company of Manager Trustee | | Manager-Trustee | |
|---------------------------------|--------------------------------------|----------------------|-----------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Money Market Fund | 2,532,635 | 2,567,726 | - | - |
| Mortgage & Income Fund | 4,735,000 | 3,549,911 | - | - |
| Bond Fund | 171,303 | 168,410 | - | - |
| Balanced Fund | 11,648,688 | 10,994,816 | - | - |
| Monthly Income Fund | 310,658 | 302,028 | - | - |
| Dividend Fund | 86,456 | 101,664 | - | - |
| Growth Fund | 71,637 | 71,572 | - | - |
| North American Diversified Fund | 306,929 | 298,790 | - | - |
| Total | \$ 19,863,306 | \$ 18,054,917 | \$ - | \$ - |

8. Financial risk management

The Funds are exposed to various types of risks that are associated with their investment strategies, financial instruments and markets in which they invest. The most important risks include market risk (which includes other price risk, interest rate risk and currency risk), liquidity risk and credit risk. These risks and related risk management practices employed by the Funds are discussed below:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, interest rate risk and currency risk. The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The Manager-Trustee moderates this risk through a careful selection of securities within specified limits and the Funds' market risk is managed through diversification of the investment portfolio. The Manager-Trustee also manages this risk by using four external investment managers to manage the investment portfolios. These investment managers monitor the Funds' overall market positions on a daily basis and positions are maintained within established ranges. Financial instruments held by each Fund are susceptible to market risk arising from uncertainties about future prices of the instruments.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

Market risk (continued)

At June 30, 2017 and December 31, 2016, the overall market exposures were as follows:

| | Investments | |
|---------------------------------|-------------|---|
| | Fair value | % of Net Assets attributable to holders of redeemable units |
| June 30, 2017 | \$ | % |
| Money Market Fund | 15,804,840 | 95.99 |
| Mortgage & Income Fund | 202,893,937 | 99.63 |
| Bond Fund | 9,910,913 | 99.58 |
| Balanced Fund | 222,178,087 | 99.93 |
| Monthly Income Fund | 60,220,781 | 99.90 |
| Dividend Fund | 123,688,917 | 100.19 |
| Growth Fund | 88,884,031 | 99.97 |
| North American Diversified Fund | 96,442,559 | 100.63 |

| | Investments | |
|---------------------------------|-------------|---|
| | Fair value | % of Net Assets attributable to holders of redeemable units |
| December 31, 2016 | \$ | % |
| Money Market Fund | 16,732,269 | 97.68 |
| Mortgage & Income Fund | 198,624,432 | 99.60 |
| Bond Fund | 10,143,665 | 100.04 |
| Balanced Fund | 201,506,513 | 99.67 |
| Monthly Income Fund | 54,502,534 | 99.60 |
| Dividend Fund | 113,828,494 | 99.67 |
| Growth Fund | 87,640,108 | 99.78 |
| North American Diversified Fund | 95,640,694 | 99.75 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

(i) Other price risk and interest rate risk

At June 30, 2017 and December 31, 2016, the Funds' market risk is affected by two main components: changes in actual equity prices for equity securities and changes in interest rates for debt securities. As at June 30, 2017 and December 31, 2016, if the following indexes had increased (decreased) by 1%, using historical correlation between the return of the Funds' investments as compared to the return of the Funds' benchmark index, with all other variables held constant, this would have approximately increased (decreased) the net assets as follows:

| | Index | Increase in Net Assets attributable to holders of redeemable units \$ | Decrease in Net Assets attributable to holders of redeemable units \$ |
|---------------------------------|--|---|---|
| June 30, 2017 | | | |
| Money Market Fund | FSTE TMX Canada 91-Day T-Bill Index | 156,000 | (156,000) |
| Mortgage & Income Fund | FSTE TMX Canada short-term bond index | 2,037,000 | (2,037,000) |
| Bond Fund | FSTE TMX Canada Universe Bond Index | 98,000 | (98,000) |
| Balanced Fund | S&P\TSX composite TR (35%), S&P 500 (12%), FTSE TMX Canada Universe Bond (40%) and MCSI EAFE TR (13%) | 2,023,000 | (2,023,000) |
| Monthly Income Fund | FSTE TMX Index (3%), FSTE TMX Canada Universe Bond Index (27%) and S&P\TSX Composite (70%) | 578,000 | (578,000) |
| Dividend Fund | S&P\TSX 60 | 842,000 | (842,000) |
| Growth Fund | S&P\TSX composite | 789,000 | (789,000) |
| North American Diversified Fund | S&P\TSX Composite Total Return Index (55%), S&P 500 Total Return Index (40%) and MSCI US Small Cap 1750 Index (5%) | 936,000 | (936,000) |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

| December 31, 2016 | Index | Increase in Net Assets attributable to holders of redeemable units \$ | Decrease in Net Assets attributable to holders of redeemable units \$ |
|---------------------------------|--|---|---|
| Money Market Fund | FSTE TMX Canada 91-Day T-Bill Index | 163,000 | (163,000) |
| Mortgage & Income Fund | FSTE TMX Canada short-term bond index | 1,994,000 | (1,994,000) |
| Bond Fund | FSTE TMX Canada Universe Bond Index | 103,000 | (103,000) |
| Balanced Fund | S&P\TSX composite TR (35%), S&P 500 (12%), FTSE TMX Canada Universe Bond (40%) and MCSI EAFE TR (13%) | 1,896,000 | (1,896,000) |
| Monthly Income Fund | FSTE TMX Index (3%), FSTE TMX Canada Universe Bond Index (27%) and S&P\TSX Composite (70%) | 540,000 | (540,000) |
| Dividend Fund | S&P\TSX 60 | 779,000 | (779,000) |
| Growth Fund | S&P\TSX composite | 759,000 | (759,000) |
| North American Diversified Fund | S&P/TSX Composite Total Return Index (55%), S&P 500 Total Return Index (40%) and MSCI US Small Cap 1750 Index (5%) | 951,000 | (951,000) |

The historical correlation may not be representative of the future correlation, and accordingly the impact on Net assets attributable to holders of redeemable units could be materially different.

At June 30, 2017 and December 31, 2016, should interest rates have decreased (increased) by 100 basis points, with all other variables held constant, this would have approximately increased (decreased) the Net assets attributable to holders of redeemable units as follows:

| | | |
|---------------------------------|-----------|-------------|
| Money Market Fund | 39,000 | (39,000) |
| Mortgage & Income Fund | 5,519,000 | (5,519,000) |
| Bond Fund | 741,000 | (741,000) |
| Balanced Fund | 5,043,000 | (5,043,000) |
| Monthly Income Fund | 878,000 | (878,000) |
| Dividend Fund | 5,000 | (5,000) |
| Growth Fund | 1,900 | (1,900) |
| North American Diversified Fund | 4,000 | (4,000) |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

| December 31, 2016 | Increase in Net Assets attributable to holders of redeemable units \$ | Decrease in Net Assets attributable to holders of redeemable units \$ |
|---------------------------------|--|--|
| Money Market Fund | 41,000 | (41,000) |
| Mortgage & Income Fund | 5,404,000 | (5,404,000) |
| Bond Fund | 757,000 | (757,000) |
| Balanced Fund | 4,588,000 | (4,588,000) |
| Monthly Income Fund | 810,000 | (810,000) |
| Dividend Fund | 4,800 | (4,800) |
| Growth Fund | 4,200 | (4,200) |
| North American Diversified Fund | 4,400 | (4,400) |

At June 30, 2017 and December 31, 2016, the exposure to debt instruments by the Funds by maturity is as follows:

| June 30, 2017 | Less than 1 month \$ | 1 - 3 months \$ | 3 months - 1 year \$ | 1 - 5 years \$ | More than 5 years \$ |
|------------------------|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
| Mortgage & Income Fund | - | 164,774 | 4,219,374 | 66,405,193 | 38,131,418 |
| Bond Fund | - | 367,016 | 273,965 | 3,970,322 | 5,220,333 |
| Balanced Fund | - | 6,785,692 | 1,855,146 | 27,328,973 | 35,032,635 |
| Monthly Income Fund | 63,909 | 2,061,002 | - | 4,130,794 | 7,863,330 |

| December 31, 2016 | Less than 1 month \$ | 1 - 3 months \$ | 3 months - 1 year \$ | 1 - 5 years \$ | More than 5 years \$ |
|--------------------------|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
| Mortgage & Income Fund | - | 249,816 | 3,122,844 | 60,900,229 | 46,345,800 |
| Bond Fund | - | 145,135 | 155,862 | 4,419,497 | 5,358,152 |
| Balanced Fund | - | 1,541,778 | 1,045,529 | 26,997,105 | 32,743,578 |
| Monthly Income Fund | - | 158,812 | 624,351 | 3,340,052 | 7,471,855 |

For the remaining Funds, debt instruments have contractual maturities of less than one year and the balance of investments in these Funds are represented by equity instruments.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

(ii) Currency risk

The Mortgage & Income Fund, Balanced Fund, Monthly Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund hold assets and liabilities that are denominated in currencies other than the Canadian Dollar - the functional currency of the Funds. They are therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund use forward current contracts to mitigate exposure to currency risk. The tables below summarize the Funds' exposure to currency risks as at June 30, 2017 and December 31, 2016:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Mortgage & Income Fund | | |
| Investments at fair value | 1,096,489 | 1,113,879 |
| Other assets | 12,847 | 13,266 |
| Forward currency contracts | (1,103,895) | (1,106,366) |
| Total assets | 5,441 | 20,779 |
| Balanced Fund | | |
| Cash | 11,613 | - |
| Other assets | 31,448 | 34,929 |
| Total assets | 43,061 | 34,929 |
| Monthly Income Fund | | |
| Investments at fair value | 6,938,327 | 6,697,166 |
| Cash | 23,829 | 17,738 |
| Other assets | 12,910 | 11,835 |
| Total assets | 6,975,066 | 6,726,739 |
| Dividend Fund | | |
| Investments at fair value | 18,843,731 | 18,197,099 |
| Cash | 92,884 | 84,414 |
| Other assets | 30,432 | 37,953 |
| Forward currency contracts | (18,831,150) | (18,372,385) |
| Total assets | 135,897 | (52,919) |
| Growth Fund | | |
| Investments at fair value | 135,981 | 5,791,880 |
| Cash | 18,062 | 7,240 |
| Other assets | 38,421 | 45,302 |
| Forward currency contracts | - | (5,701,042) |
| Total assets | 192,464 | 143,380 |
| North American Diversified Fund | | |
| Investments at fair value | 39,484,956 | 38,958,327 |
| Cash | 25,402 | 13,168 |
| Other assets | 52,965 | 54,102 |
| Forward currency contracts | (11,428,560) | (19,847,540) |
| Total assets | 28,134,763 | 19,178,057 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

All exposure to currency risk relates to the United States Dollar, the currency in which all foreign assets are held. As at June 30, 2017 and December 31, 2016, had the exchange rate between the Canadian Dollar and the United States Dollar increased (decreased) by 1%, with all other variables held constant, this would have approximately increased (decreased) the net assets of the Funds as follows:

| | Increase in Net Assets attributable to holders of redeemable units \$ | Decrease in Net Assets attributable to holders of redeemable units \$ |
|---------------------------------|--|--|
| June 30, 2017 | | |
| Mortgage & Income Fund | - | - |
| Balanced Fund | - | - |
| Monthly Income Fund | 70,000 | (70,000) |
| Dividend Fund | 1,000 | (1,000) |
| Growth Fund | 2,000 | (2,000) |
| North American Diversified Fund | 281,000 | (281,000) |
| | Increase in Net Assets attributable to holders of redeemable units \$ | Decrease in Net Assets attributable to holders of redeemable units \$ |
| December 31, 2016 | | |
| Mortgage & Income Fund | - | - |
| Balanced Fund | - | - |
| Monthly Income Fund | 67,000 | (67,000) |
| Dividend Fund | 1,000 | (1,000) |
| Growth Fund | 1,000 | (1,000) |
| North American Diversified Fund | 192,000 | (192,000) |

The remaining Funds did not have significant exposure to currency risk as they are mainly invested in securities denominated in Canadian dollars.

(b) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds are exposed to daily cash redemptions of units on demand by the unitholders and other operating expenses. The ability to meet these needs is managed by retaining sufficient cash within the Funds, and by investing in securities which are highly liquid and readily convertible to cash. Therefore, the Funds' liquidity risk is considered to be minimal.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds' main credit risk concentrations are investments in short-term debt securities, fixed income bonds and asset backed securities. The maximum exposure to credit risk is the fair value of the short-term investments, bonds, debentures, asset-backed securities and other debt instruments. The Funds' exposure to credit risk relating to forward currency contracts is limited to the fair value recorded at period end.

The Funds limit their exposure to credit loss by placing the cash and short-term investments with high credit quality issuers. To maximize the credit quality of the investments, the Funds' investment managers perform ongoing credit evaluations based upon factors surrounding the credit risk of the issuer, historical trends and other information.

The Funds invest in financial assets, which have an investment grade as rated primarily by *Dominion Bond Rating Service*. Ratings for securities that subject the Funds to credit risk at June 30, 2017 and December 31, 2016 are noted below:

| June 30, 2017 | AAA % | AA % | A % | BBB % | BB % | Not Rated % | Total % |
|---------------------------------|----------|---------|--------|----------|---------|----------------|------------|
| Money Market Fund | | | | | | | |
| Short-term investments | 22.20 | 2.10 | 32.37 | 37.05 | - | 6.28 | 100.00 |
| Mortgage & Income Fund | | | | | | | |
| Bonds | 13.80 | 1.83 | 32.10 | 36.77 | - | - | 84.50 |
| Asset backed | 6.37 | 0.28 | 0.28 | 0.27 | - | 6.27 | 13.47 |
| Short-term investments | 2.03 | - | - | - | - | - | 2.03 |
| Bond Fund | | | | | | | |
| Bonds | 20.70 | 13.12 | 47.92 | 16.34 | - | 1.90 | 99.98 |
| Short-term investments | 0.02 | - | - | - | - | - | 0.02 |
| Balanced Fund | | | | | | | |
| Bonds | 21.03 | 11.51 | 46.85 | 14.24 | - | - | 93.63 |
| Asset backed | - | - | - | - | - | 1.76 | 1.76 |
| Short-term investments | 4.61 | - | - | - | - | - | 4.61 |
| Monthly Income Fund | | | | | | | |
| Bonds | 22.63 | 9.57 | 21.45 | 26.52 | - | - | 80.17 |
| Asset backed | 1.69 | 1.17 | 0.89 | 1.03 | - | - | 4.78 |
| Short-term investments | 15.05 | - | - | - | - | - | 15.05 |
| Dividend Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |
| Growth Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |
| North American Diversified Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

| December 31, 2016 | AAA % | AA % | A % | BBB % | BB % | Not Rated % | Total % |
|---------------------------------|----------|---------|--------|----------|---------|----------------|------------|
| Money Market Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |
| Mortgage & Income Fund | | | | | | | |
| Bonds | 17.89 | 3.22 | 20.35 | 45.91 | - | - | 87.37 |
| Asset backed | 7.43 | 0.27 | 0.27 | 0.27 | - | 2.89 | 11.13 |
| Short-term investments | 1.50 | - | - | - | - | - | 1.50 |
| Bond Fund | | | | | | | |
| Bonds | 20.40 | 21.75 | 42.00 | 15.23 | - | - | 99.38 |
| Short-term investments | 0.62 | - | - | - | - | - | 0.62 |
| Balanced Fund | | | | | | | |
| Bonds | 20.80 | 22.04 | 43.17 | 12.28 | - | 0.07 | 98.36 |
| Short-term investments | 1.64 | - | - | - | - | - | 1.64 |
| Monthly Income Fund | | | | | | | |
| Bonds | 29.28 | 8.19 | 20.56 | 29.49 | - | - | 87.52 |
| Asset backed | 1.43 | 2.13 | 1.91 | 1.25 | - | - | 6.72 |
| Short-term investments | 5.76 | - | - | - | - | - | 5.76 |
| Dividend Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |
| Growth Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |
| North American Diversified Fund | | | | | | | |
| Short-term investments | 100.00 | - | - | - | - | - | 100.00 |

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographic region, asset type or sector. Individual Fund's concentration risk is mitigated by the monitoring of the Fund's investment portfolio to ensure compliance with Fund's investment guidelines. The Manager regularly monitors the Funds' positions and market events, and diversifies investment portfolios within the constraints of the investment guidelines.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

The following is a summary of concentration as at June 30, 2017 and December 31, 2016:

| Money Market Fund | | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|---------------------------|----------------|--|--|
| Asset Type | 2017 | 2016 | |
| Treasury Bills | 69.44% | 71.25% | |
| Bankers' Acceptances | 19.70% | 19.73% | |
| Discount Commercial Paper | 6.85% | 6.70% | |
| Cash | 0.34% | 0.17% | |
| Net Other Assets | 3.67% | 2.15% | |
| | 100.00% | 100.00% | |

| Mortgage & Income Fund | | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|-----------------------------------|----------------|--|--|
| Asset Type | 2017 | 2016 | |
| Canadian Mutual Funds | 46.15% | 44.14% | |
| Corporate Bonds | 37.05% | 38.41% | |
| Government Bonds | 8.15% | 10.04% | |
| Asset-Backed Securities | 7.20% | 6.18% | |
| Short-term investments | 1.08% | 0.83% | |
| Net Other Assets | 0.37% | 0.40% | |
| | 100.00% | 100.00% | |

| Bond Fund | | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|--------------------------------|----------------|--|--|
| Asset Type | 2017 | 2016 | |
| Canadian Mutual Fund | 99.58% | 100.04% | |
| Net Other Assets (Liabilities) | 0.42% | -0.04% | |
| | 100.00% | 100.00% | |

| Balanced Fund | | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|----------------------------|----------------|--|--|
| Sector | 2017 | 2016 | |
| Canadian Mutual Funds | 38.62% | 40.89% | |
| Government Bonds | 16.57% | 17.52% | |
| Financials | 13.87% | 12.10% | |
| Corporate Bonds | 13.33% | 12.80% | |
| Consumer Discretionary | 3.27% | 3.38% | |
| Industrials | 3.13% | 2.76% | |
| Telecommunication Services | 2.74% | 2.84% | |
| Energy | 2.66% | 3.19% | |
| Materials | 1.64% | 1.66% | |
| Short-term investments | 1.47% | 0.51% | |
| Consumer Staples | 1.23% | 1.23% | |
| Information Technology | 0.83% | 0.79% | |
| Asset-Backed Securities | 0.57% | - | |
| Net Other Assets | 0.07% | 0.33% | |
| | 100.00% | 100.00% | |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

| Monthly Income Fund | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|----------------------------|--|----------------|
| Sector | 2017 | 2016 |
| Financials | 27.97% | 25.52% |
| Energy | 16.63% | 18.34% |
| Corporate Bonds | 14.41% | 14.44% |
| Industrials | 7.94% | 7.96% |
| Real Estate | 5.35% | 5.12% |
| Materials | 5.25% | 5.25% |
| Government Bonds | 4.37% | 4.19% |
| Consumer Discretionary | 4.04% | 4.19% |
| Information Technology | 3.84% | 3.65% |
| Short-term investments | 3.52% | 1.22% |
| Utilities | 2.14% | 2.27% |
| Telecommunication Services | 1.37% | 1.99% |
| Asset-Backed Securities | 1.12% | 1.42% |
| Consumer Staples | 1.10% | 3.19% |
| Health Care | 0.85% | 0.85% |
| Net Other Assets | 0.10% | 0.40% |
| | 100.00% | 100.00% |

| Dividend Fund | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|--------------------------------|--|----------------|
| Sector | 2017 | 2016 |
| Financials | 34.70% | 32.70% |
| Energy | 15.05% | 16.36% |
| Industrials | 8.77% | 7.51% |
| Consumer Discretionary | 7.77% | 8.88% |
| Utilities | 7.47% | 7.74% |
| Information Technology | 7.12% | 8.73% |
| Consumer Staples | 6.33% | 6.34% |
| Telecommunication Services | 3.54% | 3.71% |
| Materials | 3.29% | 1.09% |
| Real Estate | 3.20% | 4.12% |
| Short-term investments | 2.95% | 2.49% |
| Net Other Assets (Liabilities) | -0.19% | 0.33% |
| | 100.00% | 100.00% |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

8. Financial risk management (continued)

| Growth Fund | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|----------------------------|--|----------------|
| | 2017 | 2016 |
| Financials | 34.82% | 35.54% |
| Energy | 17.79% | 20.85% |
| Industrials | 11.36% | 11.16% |
| Materials | 9.86% | 6.31% |
| Consumer Discretionary | 4.83% | 6.34% |
| Exchange Traded Fund | 4.67% | - |
| Consumer Staples | 4.34% | 1.94% |
| Telecommunication Services | 4.00% | 1.90% |
| Information Technology | 3.87% | 9.56% |
| Utilities | 2.80% | - |
| Short-term investments | 1.63% | 3.98% |
| Health Care | - | 2.20% |
| Net Other Assets | 0.03% | 0.22% |
| | 100.00% | 100.00% |

| North American Diversified Fund | As a % of Fund's Net Assets attributable to holders of redeemable units | |
|--|--|----------------|
| | 2017 | 2016 |
| Financials | 26.24% | 23.64% |
| Energy | 15.25% | 17.33% |
| Information Technology | 10.87% | 10.70% |
| Industrials | 10.48% | 9.96% |
| Consumer Discretionary | 8.15% | 8.33% |
| Materials | 7.46% | 8.32% |
| Health Care | 6.09% | 5.86% |
| Consumer Staples | 5.02% | 4.60% |
| Real Estate | 2.78% | 3.05% |
| Exchange Traded Fund | 2.53% | 2.49% |
| Short-term investments | 2.15% | 1.51% |
| Utilities | 2.11% | 2.34% |
| Telecommunication Services | 1.50% | 1.62% |
| Net Other Assets (Liabilities) | -0.63% | 0.25% |
| | 100.00% | 100.00% |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

9. Financial instruments – Disclosures

Fair value disclosure

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager-Trustee has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

All fair value measurements are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

(a) Equities

The Funds' common stocks positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Funds' common stocks do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

(b) Warrants

Warrants that are not traded on an exchange have no market value readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used. Warrants are classified as Level 2.

(c) Fixed income investments

Bonds are comprised primarily of government and corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Funds' bonds have been classified as Level 2. Asset backed securities are recorded in the financial statements at their estimated fair values determined by discounting the expected future cash flows at current market interest rates for loans with similar terms and credit risks.

(d) Short-term investments

Short-term investments are classified as Level 2.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

9. Financial instruments – Disclosures (continued)

(e) Forward contracts

Forward contracts are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency, interest rates and credit spreads. Forward contracts are classified as Level 2.

(f) Mutual funds

Investments in mutual funds are classified as Level 2.

Financial instruments by category

The carrying values of cash, interest and dividends receivable, subscriptions receivable, amounts due from brokers, bank overdraft, redemptions payable, distributions payable, amounts due to brokers, amounts due to Manager-Trustee and net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

As at June 30, 2017 and December 31, 2016 the Funds' investments, with the exception of derivative instruments, are designated as FVTPL. The Funds' derivative instruments are categorized as held for trading ("HFT").

For the period ended June 30, 2017 and year ended December 31, 2016 the Funds' net gains (losses) on investments, with the exception of derivative instruments, were all from financial instruments designated as FVTPL. The Funds' net gains (losses) that are from derivative instruments are categorized as HFT.

The following fair value hierarchy tables present information about the Funds' investments as at June 30, 2017 and December 31, 2016.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

9. Financial instruments – Disclosures (continued)

| | Financial Assets at fair value as at June 30, 2017 | | | |
|--|--|--------------------|----------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money Market Fund | | | | |
| Short Term Investments | - | 15,804,840 | - | 15,804,840 |
| Mortgage & Income Fund | | | | |
| Asset Backed | - | 14,672,462 | - | 14,672,462 |
| Bonds | - | 92,042,251 | - | 92,042,251 |
| Mutual Funds | - | 93,973,178 | - | 93,973,178 |
| Short Term Investments | - | 2,206,046 | - | 2,206,046 |
| Total Investments | - | 202,893,937 | - | 202,893,937 |
| Derivative Assets - forward contracts | - | 41,336 | - | 41,336 |
| Bond Fund | | | | |
| Mutual Funds | - | 9,910,913 | - | 9,910,913 |
| Balanced Fund | | | | |
| Asset Backed | - | 1,259,315 | - | 1,259,315 |
| Bonds | - | 66,472,276 | - | 66,472,276 |
| Mutual Funds | - | 85,856,390 | - | 85,856,390 |
| Equities | 65,319,246 | - | - | 65,319,246 |
| Short Term Investments | - | 3,270,860 | - | 3,270,860 |
| Total Investments | 65,319,246 | 156,858,841 | - | 222,178,087 |
| Monthly Income Fund | | | | |
| Asset Backed | - | 674,623 | - | 674,623 |
| Bonds | - | 11,319,505 | - | 11,319,505 |
| Equities | 46,101,743 | - | - | 46,101,743 |
| Short Term Investments | - | 2,124,910 | - | 2,124,910 |
| Total Investments | 46,101,743 | 14,119,038 | - | 60,220,781 |
| Dividend Fund | | | | |
| Equities | 120,043,793 | - | - | 120,043,793 |
| Short Term Investments | - | 3,645,124 | - | 3,645,124 |
| Total Investments | 120,043,793 | 3,645,124 | - | 123,688,917 |
| Derivative Assets - forward contracts | - | 706,140 | - | 706,140 |
| Derivative Liabilities - forward contracts | - | (43) | - | (43) |
| Growth Fund | | | | |
| Equities | 87,435,955 | - | - | 87,435,955 |
| Short Term Investments | - | 1,448,076 | - | 1,448,076 |
| Total Investments | 87,435,955 | 1,448,076 | - | 88,884,031 |
| North American Diversified Fund | | | | |
| Equities | 94,380,428 | - | - | 94,380,428 |
| Short Term Investments | - | 2,062,131 | - | 2,062,131 |
| Total Investments | 94,380,428 | 2,062,131 | - | 96,442,559 |
| Derivative Assets - forward contracts | - | 90,082 | - | 90,082 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

9. Financial instruments – Disclosures (continued)

| | Financial Assets at fair value as at December 31, 2016 | | | |
|--|--|--------------------|----------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money Market Fund | | | | |
| Short Term Investments | - | 16,732,269 | - | 16,732,269 |
| Mortgage & Income Fund | | | | |
| Asset Backed | - | 12,322,827 | - | 12,322,827 |
| Bonds | - | 96,638,007 | - | 96,638,007 |
| Mutual Funds | - | 88,005,743 | - | 88,005,743 |
| Short Term Investments | - | 1,657,855 | - | 1,657,855 |
| Total Investments | - | 198,624,432 | - | 198,624,432 |
| Derivative Liabilities - forward contracts | - | (4,194) | - | (4,194) |
| Bond Fund | | | | |
| Mutual Funds | - | 10,143,665 | - | 10,143,665 |
| Balanced Fund | | | | |
| Bonds | - | 61,304,249 | - | 61,304,249 |
| Mutual Funds | - | 82,672,177 | - | 82,672,177 |
| Equities | 56,506,346 | - | - | 56,506,346 |
| Short Term Investments | - | 1,023,741 | - | 1,023,741 |
| Total Investments | 56,506,346 | 145,000,167 | - | 201,506,513 |
| Monthly Income Fund | | | | |
| Asset Backed | - | 778,837 | - | 778,837 |
| Bonds | - | 10,148,344 | - | 10,148,344 |
| Equities | 42,907,464 | - | - | 42,907,464 |
| Short Term Investments | - | 667,889 | - | 667,889 |
| Total Investments | 42,907,464 | 11,595,070 | - | 54,502,534 |
| Dividend Fund | | | | |
| Equities | 110,982,021 | - | - | 110,982,021 |
| Short Term Investments | - | 2,846,473 | - | 2,846,473 |
| Total Investments | 110,982,021 | 2,846,473 | - | 113,828,494 |
| Derivative Assets - forward contracts | - | 164,316 | - | 164,316 |
| Derivative Liabilities - forward contracts | - | (234,170) | - | (234,170) |
| Growth Fund | | | | |
| Equities | 84,144,584 | - | - | 84,144,584 |
| Short Term Investments | - | 3,495,524 | - | 3,495,524 |
| Total Investments | 84,144,584 | 3,495,524 | - | 87,640,108 |
| Derivative Assets - forward contracts | - | 18,239 | - | 18,239 |
| Derivative Liabilities - forward contracts | - | (29,393) | - | (29,393) |
| North American Diversified Fund | | | | |
| Equities | 94,193,418 | - | - | 94,193,418 |
| Short Term Investments | - | 1,447,276 | - | 1,447,276 |
| Total Investments | 94,193,418 | 1,447,276 | - | 95,640,694 |
| Derivative Assets - forward contracts | - | 150,314 | - | 150,314 |

There were no significant transfers from Level 1 to Level 2 during the period ended June 30, 2017 and year ended December 31, 2016.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

10. Forward currency contracts

As at June 30, 2017 the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund had the following forward currency contracts:

June 30, 2017

| | Buy Currency | Sell Currency | | Maturity Date | Forward Contract Asset (Liability) |
|--|-----------------|------------------|-----|------------------|---------------------------------------|
| Mortgage & Income Fund | | | | | |
| 1,144,950 | CAD | 850,000 | USD | 13-Jul-17 | 41,336 |
| Dividend Fund | | | | | |
| 19,274,984 | CAD | 14,300,000 | USD | 06-Jul-17 | 705,725 |
| 18,818,854 | CAD | 14,500,000 | USD | 03-Aug-17 | 415 |
| 14,300,000 | USD | 18,569,136 | CAD | 06-Jul-17 | (43) |
| North American Diversified Fund | | | | | |
| 11,502,480 | CAD | 8,800,000 | USD | 29-Sep-17 | 90,082 |

As at December 31, 2016 the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund had the following forward currency contracts:

December 31, 2016

| | Buy Currency | Sell Currency | | Maturity Date | Forward Contract Asset (Liability) |
|--|-----------------|------------------|-----|------------------|---------------------------------------|
| Mortgage & Income Fund | | | | | |
| 1,101,870 | CAD | 825,000 | USD | 20-Jan-17 | (4,194) |
| Dividend Fund | | | | | |
| 18,303,269 | CAD | 13,700,000 | USD | 05-Jan-17 | (67,683) |
| 18,528,702 | CAD | 13,700,000 | USD | 03-Feb-17 | 164,316 |
| 13,700,000 | USD | 18,537,470 | CAD | 05-Jan-17 | (166,487) |
| Growth Fund | | | | | |
| 5,628,660 | CAD | 4,205,498 | USD | 05-Jan-17 | (10,684) |
| 5,716,772 | CAD | 4,251,178 | USD | 03-Feb-17 | 18,239 |
| 4,205,498 | USD | 5,658,056 | CAD | 05-Jan-17 | (18,709) |
| North American Diversified Fund | | | | | |
| 19,976,300 | CAD | 14,800,000 | USD | 31-Mar-17 | 150,314 |

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

11. Investments with associates

The individual Funds have determined that all of the other mutual funds ('Investee Fund') in which they invest are unconsolidated associates. The table below describes the types of associates that the Fund does not consolidate but in which it can exercise significant influence.

The tables below set out interest held by the Balanced Fund in Beutel Goodman International Equity Fund (Class I). The maximum exposure to loss is the carrying amounts of the financial assets held.

These assets are financed through the issue of units to investors. The Beutel Goodman & Company Ltd. is the Portfolio Adviser of the Balanced Fund and the investee fund.

| Underlying Fund | Relationship | Principal place of business | Total Net Assets of investee fund | Ownership interest | Carrying amount included in investments in Statement of Financial Position |
|---|---------------------|------------------------------------|--|---------------------------|---|
| Beutel Goodman International Equity Fund, Class I | Investment | Canada | \$172,506,754 | 24.61% | \$42,450,992 |

December 31, 2016

| Underlying Fund | Relationship | Principal place of business | Total Net Assets of investee fund | Ownership interest | Carrying amount included in investments in Statement of Financial Position |
|---|---------------------|------------------------------------|--|---------------------------|---|
| Beutel Goodman International Equity Fund, Class I | Investment | Canada | \$134,114,100 | 29.69% | \$39,814,365 |

During the current period and prior year, the Balanced Fund did not provide financial support to Beutel Goodman International Equity Fund (Class I) and has no intention of providing financial or other support. The Balanced Fund can redeem its units in the above Investee Fund at any time, subject to liquidity of the Investee Fund.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2017 (Unaudited)

12. Future accounting changes

IFRS 9 - *Financial Instruments*

The IASB published IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 fundamentally rewrites the accounting rules for financial instruments. IFRS 9 introduces a new approach for financial asset classification, a more-forward looking expected loss model, and major new requirements on hedge accounting.

IFRS 9 divides all financial assets into two classifications – those measured at amortised cost and those measured at fair value. Classification is made at the time the financial asset is initially recognized when the entity becomes a party to the contractual provisions of the instrument. The transition guidance is complex and mainly requires retrospective application.

A new measurement category of 'fair value through other comprehensive income' is also included in IFRS 9. The Standard requires an entity to measure a financial asset at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Most of the requirements in IAS 39 for the classification and measurement of financial liabilities have been carried forward unchanged to IFRS 9. The requirements in IAS 39 related to derecognition of financial assets and financial liabilities have been incorporated unchanged into IFRS 9.

The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Manager-Trustee has yet to assess the impact of IFRS 9 on these financial statements.

13. Subsequent Event

Educators Financial Group Inc., the Manager of Educators North American Diversified Fund, announced that, subject to receiving the approval of its unitholders, the investment objective of the Fund will change in order to permit the Fund to invest primarily in United States equity securities and change the Fund's name to reflect its new investment objective. A special meeting of the unitholders of the Fund will be held on September 15, 2017 to approve the changes and, if approved, will take effect immediately thereafter.
