

2017

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2017

Offered by Educators Financial Group
Portfolio Advisor: Foresters Asset Management Inc., Toronto, Ontario

Educators Monthly Income Fund



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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

For the six-month period ending June 30, 2017, the Fund provided a return of 2.86%, versus a Benchmark return of 1.16%. The Benchmark comprises 70% S&P/TSX Composite Total Return Index, 27% FTSE TMX Canada Bond Universe Index and 3% FTSE TMX Canada 91 Day Treasury Bill Index (the "Benchmark"). Note that investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in Benchmark.

The Fund's net assets increased by 10.2% to \$60.3 million at the end of June 2017, up from \$54.7 million at the end of December 2016.

At the end of the second quarter, the Fund was positioned with 64.6% in Canadian equities, 11.7% in U.S. equities, 19.5% in Canadian fixed income, and 4.2% in cash.

The S&P/TSX returned 0.7% during the first half of 2017, with the Industrials sector being the largest contributor to the benchmark during this time. Year to date, most sectors generated positive returns, with the exception of the Energy and Materials sectors, which were both negative contributors. Despite an improving economic backdrop, the Canadian stock market underperformed most major global indices. The S&P/TSX has a sizeable weighting in Energy, given the sell-off in oil prices (WTI oil prices declined 14.4% year to date). Moreover, there were concerns and discouraging headlines surrounding the Canadian housing market, which impacted the Financials sector.

In the U.S., during the first half of 2017, the S&P 500 Index returned 9.3% in U.S. dollars, which was the best start in four years. Technology, Healthcare and Consumer Discretionary were the best performing sectors, while Energy and Telecom were negative contributors. U.S. Technology continued to benefit from the strength of the FAANG stocks (FAANG is an acronym for the five most popular and best performing

technology stocks in the market, namely Facebook, Apple, Amazon, Netflix, and Alphabet's Google). U.S. Healthcare also performed well, following a weak 2016 with negative sentiment around increased regulation as well as positioning around the passage of the U.S. healthcare bill.

Within the equity portfolio, the Fund was selectively overweight in the following sectors, relative to its benchmark: Financials, Information Technology, Industrials and Real Estate. The Fund continues to be underweight in the resource-oriented Materials sectors, as well as the Telecom and Consumer Staples sectors. The Fund benefited from good stock selection in the Energy sector, as one of our core holdings received a premium takeover offer during the first half of 2017. The Fund continues to be defensively positioned within Energy, with higher exposure to pipeline and midstream companies. These stocks have outperformed companies with more leverage to oil and gas prices, including energy producers and servicers/drillers, given the decline in oil prices, coupled with growing production supply.

The Financials sector was another positive contributor to Fund performance. As a result of good stock selection, the Fund's holdings of U.S. banks have outperformed their Canadian counterparts during the first half of 2017. During the second quarter, the Fund continued to increase its weighting to U.S. Financials, as the portfolio manager believes that there are positive tailwinds for the U.S. banking sector, including potential deregulation, tax reform, and positive correlation to rising interest rates. In the past few years the banks' financial positions have strengthened. The U.S. banks are well capitalized and could look to return capital to shareholders via share buybacks and increasing dividends.

The Fund also benefited from good stock selection in the Consumer Discretionary sector, as a few of our core holdings generated double digit returns in the first half of the year. The Fund's exposure to a large mattress

retailer with a national footprint also performed particularly well, reflecting market share gains and above average growth prospects for the company.

With the Materials sector in negative territory year to date, the Fund's underweight position in the sector helped performance, but was offset by stock selection. Despite the underlying commodity prices being up on the year, gold and silver stocks did not fare as well, while paper and forest products stocks outperformed within the sector. The Fund's holdings in a diversified mining and metals company detracted from performance, due to falling metallurgical coal prices, following a strong run up in the first quarter.

Recent Developments

Despite some policy setbacks in the U.S., in terms of tax reform and fiscal stimulus, the portfolio manager believes that the U.S. economic and profit growth will continue to perform status quo. Recently, the Bank of Canada has become more hawkish, as economic data points have trended upwards. In addition, favourable macroeconomic conditions have been supportive of global growth (for example, world Purchasing Managers' Index (PMI) nearing 7 year highs). As the improvement in the global economic landscape continues to progress, this should be supportive of better earnings growth and visibility, which should bode well for equity markets.

Across both Canadian and U.S. stock holdings, the portfolio managers continue to focus on companies which are growing their earnings and free cash-flow above their industry averages, while offering sustainable dividend yields and reasonable valuations. Relative to its benchmark, the equity portion of the portfolio continues to maintain its overweight position in U.S. equities, as it provides the opportunity to invest in more diverse companies with international exposure, as well as benefit from sectors that the portfolio managers believe are under-represented in the Canadian marketplace.

Caution Regarding Forward-looking Statements

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

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on

current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

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

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

Related Party Transactions

On May 14, 2016, Foresters Financial, through Foresters Life Insurance Company, acquired 100 percent of the shares of Aegon Capital Management Inc.) and was renamed Foresters Asset Management Inc. ("FAM")., FAM the Fund's Portfolio Adviser, is an indirect wholly-owned subsidiary of The Independent Order of Foresters, which is not a publicly listed company.

In the first six months of 2017 Educators Financial Group did not refer any conflict of interest matters to the Fund's Independent Review Committee (IRC) and accordingly did not rely upon any recommendation of the IRC in respect of any related party transactions.

Educators Financial Group is the Manager and Trustee of the Fund. Educators Financial Group is a wholly-owned subsidiary of the Ontario Secondary School Teachers' Federation ("OSSTF"). OSSTF may from time to time invest in units of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2017 and for each year ended December 31 for the past five years.

The Fund's Net Assets per Unit ⁽¹⁾

	Six-months ended June 30		Year ended December 31			
	2017	2016	2015	2014	2013	2012
Net Assets, beginning of year	\$10.12	\$9.92	\$10.29	\$9.96	\$9.85	\$9.76
Increase (decrease) from operations:						
Total revenue	\$0.17	\$0.29	\$0.30	\$0.33	\$0.34	\$0.33
Total expenses, including transaction costs [excluding distributions]	\$(0.07)	\$(0.15)	\$(0.16)	\$(0.15)	\$(0.14)	\$(0.14)
Realized gains (losses) for the period	\$0.08	\$--	\$0.41	\$0.04	\$(0.09)	\$0.07
Unrealized gains (losses) for the period	\$0.09	\$0.67	\$(0.39)	\$0.67	\$0.77	\$0.57
Total increase (decrease) from operations ⁽²⁾	\$0.27	\$0.81	\$0.16	\$0.89	\$0.88	\$0.83
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.07	\$0.14	\$0.14	\$0.18	\$0.21	\$0.18
From capital gains	\$--	\$--	\$0.12	\$--	\$--	\$--
Return of capital	\$0.23	\$0.46	\$0.34	\$0.46	\$0.51	\$0.54
Total Annual Distributions ⁽³⁾	\$0.30	\$0.60	\$0.60	\$0.64	\$0.72	\$0.72
Net Assets, end of year	\$10.11	\$10.12	\$9.92	\$10.29	\$9.96	\$9.84

⁽¹⁾ This information is derived from the Fund's interim financial report and audited annual financial statements. For the financial year beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

For the financial year ended December 31, 2013, the financial highlights numbers were restated to comply with IFRS reporting.

For financial years beginning before January 1, 2013, the financial highlights were derived from the Fund's financial statements prepared in accordance with Canadian GAAP.

For financial years beginning after January 1, 2013, all references to "Net Assets" or "Net Assets per Unit" in these financial highlights are references to net assets attributable to holders of redeemable units determined in accordance with IFRS as presented in the financial statements of the Fund.

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

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

Ratios and Supplemental Data (based on Net Asset Value)

	Six-months ended June 30		Year ended December 31			
	2017	2016	2015	2014	2013	2012
Net Asset Value (000's) ⁽¹⁾	\$60,283	\$54,721	\$49,881	\$40,835	\$29,633	\$18,035
Number of units outstanding ⁽¹⁾	5,964,734	5,408,281	5,030,870	3,968,159	2,976,702	1,830,790
Management expense ratio ⁽²⁾	1.31%	1.31%	1.31%	1.31%	1.31%	1.32%
Management expense ratio before waivers or absorptions	1.31%	1.31%	1.31%	1.31%	1.31%	1.32%
Trading expense ratio ⁽³⁾	0.05%	0.09%	0.10%	0.06%	0.13%	0.09%
Portfolio turnover rate ⁽⁴⁾	32.16%	74.21%	77.75%	44.85%	102.91%	79.16%
Net Asset Value per unit	\$10.11	\$10.12	\$9.92	\$10.29	\$9.96	\$9.85

⁽¹⁾ This information is provided as at June 30 or December 31 of the year shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding [distributions], commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.



(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rates in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

Educators Financial Group is the Manager-Trustee, promoter and principal distributor of the Fund, and is responsible for the day-to-day management and administration of the Fund.

The Manager-Trustee monitors and evaluates the performance of the Fund, and pays for the investment management services of the portfolio adviser, as well as all administrative services required by the Fund. As compensation for these services, Educators Financial Group is entitled to receive a fee, payable monthly and calculated daily, based on the Net Asset Value of the Fund, at the annual rate of 1.15%.

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

Approximately 14.8% of the management fees were used to pay for portfolio management services, with the remainder of the fees allocated to custodial services, marketing, technology and Manager-Trustee operating expenses.

Past Performance

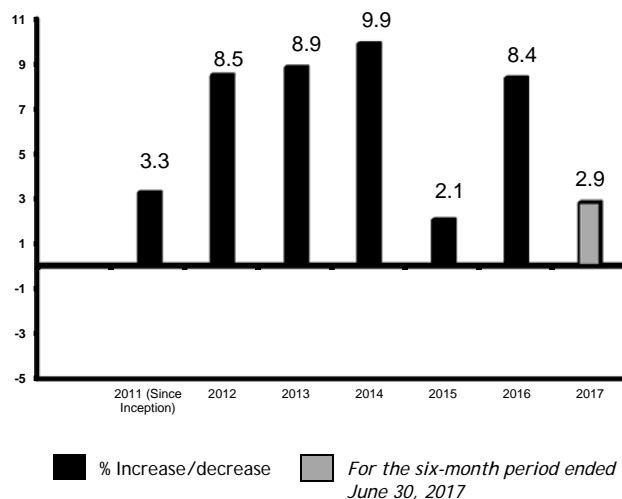
General

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

The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

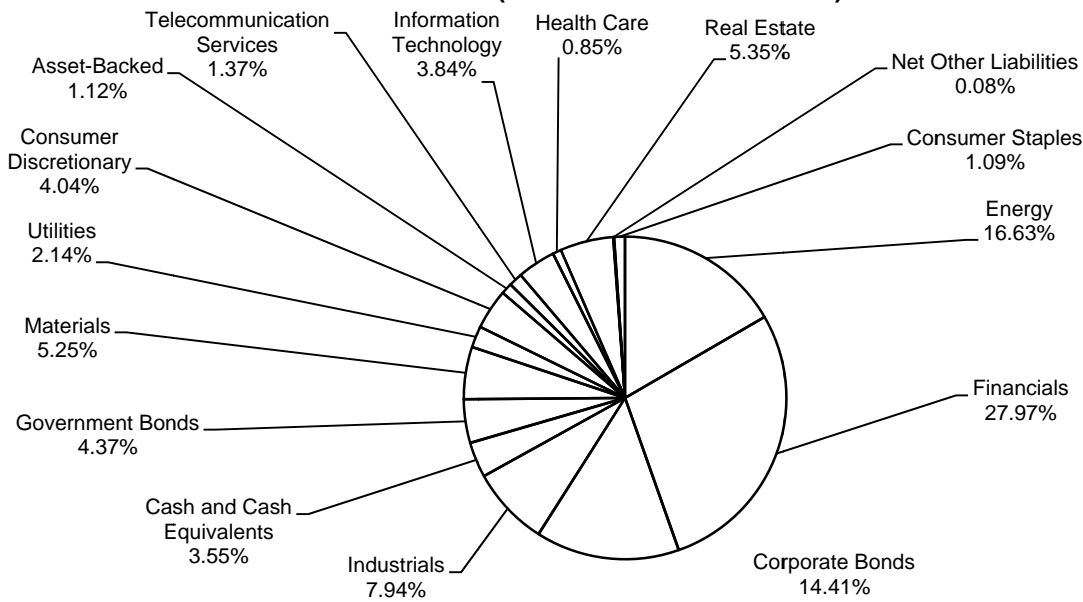
Year-by-Year Returns

The bar chart shows the Fund's performance since inception and illustrates how the Fund's performance has changed for the 6-month period ended June 30, 2017 and each 12-month period ending December 31. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.





SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)



Top 25 Holdings

Security Name	Coupon Rate	Maturity Date	Percentage of Net Asset Value
Royal Bank of Canada			4.58%
Toronto-Dominion Bank			4.55%
Bank of Nova Scotia			3.38%
Enbridge Inc.			3.30%
Canadian National Railway Co.			3.20%
Bank of Montreal			2.61%
Suncor Energy Inc.			2.43%
Manulife Financial Corp.			2.42%
Government of Canada	December 1, 2048	2.75%	2.20%
Canadian Natural Resources Ltd.			1.93%
Canadian Imperial Bank of Commerce			1.92%
JPMorgan Chase & Co.			1.69%
Veresen Inc.			1.58%
TransCanada Corp.			1.57%
Brookfield Asset Management Inc.			1.48%
Rogers Communications Inc.			1.37%
Bank of America Corp.			1.35%
Wells Fargo & Co.			1.22%
Franco-Nevada Corp.			1.16%
Microsoft Corp.			1.11%
Agnico Eagle Mines Ltd.			1.11%
Alimentation Couche-Tard Inc.			1.10%
Intact Financial Corp.			1.09%
Brookfield Property Partners LP.			1.03%
Keyera Corp			1.00%
Total Net Assets (000's)			\$60,283

The top 25 holdings represent approximately 50.38% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2017 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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