2017

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

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

Educators Monthly Income Fund

Educators
FINANCIAL GROUP

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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The investment objective of the Educators Monthly Income Fund (the "Fund") is to provide a consistent stream of monthly income and some capital appreciation by investing in a portfolio of fixed income, investment trust units and equity investments. A minimum of 6% and a maximum of 60% of the portfolio will be invested in fixed income securities, while a minimum of 40% and a maximum of 94% of the portfolio will be invested in Canadian equity securities. Non-Canadian securities are limited to no more than 30% of the Fund's assets. Foreign currency exposure may or may not be hedged. The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders.

Risk

The risks of investing in the Fund remain as discussed in the Simplified Prospectus. No changes affecting the overall level of risk of investing in the Fund were made to the Fund in the one-year period ended December 31, 2017.

Results of Operations

For the year ending December 31, 2017, the Fund provided a return of 8.23%, versus a Benchmark return of 7.05%. 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"). 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 19.4% to $65.3 million at the end of December 2017, up from $54.7 million at the end of December 2016.

The broader Canadian equity market, as measured by the S&P/TSX Composite Total Return Index, returned 9.1% in 2017, following the strong market returns of 21.1% in 2016. Ten of the eleven GICS sectors posted positive returns during 2017, led by double-digit gains in Financials and Industrials, while Energy was the only sector to report negative returns for the year. In the U.S., the S&P 500 advanced 19.4% in 2017, with Technology accounting for nearly 40% of the S&P 500 overall index returns in 2017. Most sectors finished the year in positive territory, as a global synchronized recovery drove stock market returns, with strong year-over-year earnings growth. The Fund increased its U.S. equity exposure from 12.3% to 14.6% in 2017, as the portfolio manager will continue to selectively invest in the U.S., given attractive investment opportunities.

At the end of 2017, the equity portfolio of the Fund was selectively overweight in the following sectors, relative to the Benchmark: Information Technology, Industrials, Real Estate, and Healthcare. The portfolio was neutrally positioned in Consumer Discretionary, Energy, and Financials, while being underweight in the Materials, Utilities, Telecommunications, and Consumer Staples sectors.

At year-end, the Fund was positioned with 64.1% in Canadian equities, 14.6% in U.S. equities, 19.6% in Canadian Fixed Income, and 1.7% in cash.

During 2017, equity portfolio performance primarily benefitted from stock selection in the Energy sector. In particular, the Fund benefitted from one of its core holdings receiving an attractive premium takeover bid during the first half of the year. Additionally, the Fund's overweight position in pipeline and midstream stocks outperformed companies that were more leveraged to oil and gas prices, including energy producers and servicers/drillers. The Fund also benefitted from strong stock selection in the Financial sector, with its holdings of U.S. banks performing well in local currency returns, as the banks benefitted from potential deregulation, tax reform, and rising interest rates. However, performance was somewhat muted, given the nearly 7% rise in the Canadian dollar over the course of the year.

The Information Technology sector was another positive contributor to the Fund's performance, primarily due to the Fund's U.S. holdings in this sector, which generated strong double-digit returns during the year. The Fund continues to be overweight in this sector, with the majority of holdings in U.S. Technology names, which provides the Fund with more exposure to global and international markets, as well as a source of solid earnings growth.

The Consumer Discretionary sector detracted from performance, primarily due to holdings in a U.S. security that reported weak earnings, driven by a less than robust back to school season, as well as elevated input costs from manufacturing disruptions related to the U.S. hurricanes in the second half of the year. The Fund was also negatively impacted by one holding in the Real Estate sector (as one of the REITS reported lower earnings due to higher property taxes and higher rent concessions). The portfolio manager believes that these issues are temporary, as the company continues to lease up its properties, and believes that the REIT should see improvements as a result of its recent internalization of property management. Within REITs, the portfolio manager continues to focus on names that deliver above average net operating income growth, as well as conservative balance sheets.

With the expectation of higher interest rates, corporations brought forward funding needs, resulting in a record year of corporate issuance. Despite the strong supply of corporate issuance seen in the market in the second half of 2017, corporate spreads continued to be resilient and therefore appreciated in price. Strong issuance of Canadian-dollar-denominated bonds issued by foreign borrowers, known as ‘Maple Bonds’, replaced domestic bank issuance in 2017, as Canadian banks issued abroad for stronger depth and more attractive funding levels. The search for yield continued to be the ongoing theme among corporate fixed income investors throughout the year.

Canadian fixed income returns were not as strong during the second half of 2017, as compared to the first half of the year. However, the Index managed to finish the year up 2.52%, with corporates returning 3.38%. Corporate bonds, in general, remained in demand for the most part of the year. Canadian GDP was surprisingly very strong and is expected to finish 2017 at approximately 3%. Economic growth was also broader, incorporating more sectors, while global trade was also growing. Canadian and U.S. Consumer and Business Confidence readings soared in 2017. The optimism from strong economic readings overshadowed the concerns of NAFTA renegotiations and U.S. protectionism. As a result, central banks became more hawkish during the year.

For the most part, credit spreads narrowed during 2017, resulting in price appreciation for the bond component of the portfolio. Canadian banks continued to fund abroad, creating a credit supply gap that resulted in a stronger bid for specialised bank bonds known as non-viable contingent capital (NVCC) and corporate bonds, in general. The lower rated BBB fixed income securities outperformed the higher A-rated securities during the second half of the year.

On a fixed income sector basis, Infrastructure was the best performing sector during the second half of the year outperforming the other sectors by a large margin during 2017. Market participants sought safety and comfort in this high quality sector, when the heavily weighted Financials sector was experiencing greater volatility during the first half of the year. Furthermore, long-dated Government of Canada yields finished lower for 2017, pushing corporate prices higher. The sector returned 6.96% for 2017, versus 2.52% for the Index.

Recent Developments

At over 3% in each of the second and third quarters, real U.S. GDP growth was the fastest it’s been in three years. Significant for investors, global corporate profit growth is also synchronized and is likely to grow faster than the underlying economies. There are no indications that central banks intend to be overly hawkish. According to consensus numbers, the average policy rate for the next twelve-month period for the three big central banks is still under 1.0%, with the Fed expected to raise rates three times in 2018. As such, the portfolio manager does not believe that these hikes will be enough to derail the U.S. expansion that occurred in 2017, but regardless, will watch carefully for the longer-term impact.

The Canadian yield curve was slightly more volatile during the second half of the year. This was due to the Bank of Canada raising rates by 25 basis points, first in July and then again in September followed by uncertainty in economic growth due to potential housing market slowdown, harsher mortgage rules, and NAFTA Negotiations. As the year was coming to an end, the positive tone of U.S. tax reforms passing reverberated throughout the U.S. and Canada, causing the yield curve to rise however, long yields finished lower for 2017.

Overview we believe synchronized global growth remains intact and corporate earnings are set to rise. These elements keep us bullish in spite of recent market volatility in 2018 with North American bond and equity markets being in negative territory. Key risks to our outlook changing include interest rates rising faster than anticipated and corporate earnings disappointing.

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 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 past five years.

The Fund's Net Assets per Unit [1]

	Year ended December 31				
	2017	2016	2015	2014	2013
Net Assets, beginning of year	$10.12	$9.92	$10.29	$9.96	$9.85
Increase (decrease) from operations:					
Total revenue	$0.33	$0.29	$0.30	$0.33	$0.34
Total expenses, including transaction costs [excluding distributions]	$(0.15)	$(0.15)	$(0.16)	$(0.15)	$(0.14)
Realized gains (losses) for the period	$0.27	$--	$0.41	$0.04	$(0.09)
Unrealized gains (losses) for the period	$0.36	$0.67	$(0.39)	$0.67	$0.77
Total increase (decrease) from operations [2]	$0.81	$0.81	$0.16	$0.89	$0.88
Distributions:					
From net investment income (excluding dividends)	$--	$--	$--	$--	$--
From dividends	$0.16	$0.14	$0.14	$0.18	$0.21
From capital gains	$0.02	$--	$0.12	$--	$--
Return of capital	$0.42	$0.46	$0.34	$0.46	$0.51
Total Annual Distributions [3]	$0.60	$0.60	$0.60	$0.64	$0.72
Net Assets , end of year	$10.33	$10.12	$9.92	$10.29	$9.96

(1) This information is derived from the Fund's 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)

	Year ended December 31				
	2017	2016	2015	2014	2013
Net Asset Value (000's) [1]	$65,293	$54,721	$49,881	$40,835	$29,633
Number of units outstanding [1]	6,323,244	5,408,281	5,030,870	3,968,159	2,976,702
Management expense ratio [2]	1.31%	1.31%	1.31%	1.31%	1.31%
Management expense ratio before waivers or absorptions	1.31%	1.31%	1.31%	1.31%	1.31%
Trading expense ratio [3]	0.05%	0.09%	0.10%	0.06%	0.13%
Portfolio turnover rate [4]	62.06%	74.21%	77.75%	44.85%	102.91%
Net Asset Value per unit	$10.33	$10.12	$9.92	$10.29	$9.96

(1) This information is provided as at 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 14.9% 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

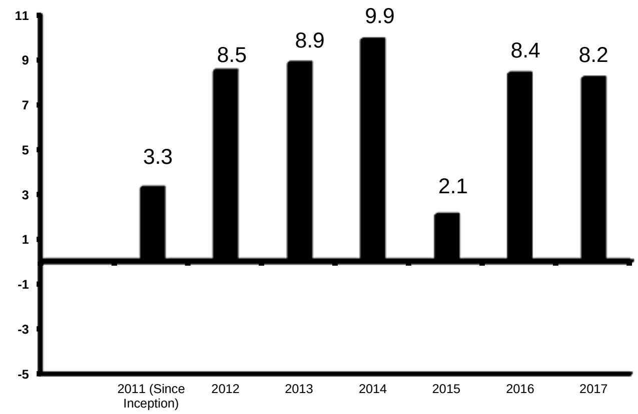
General

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 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.



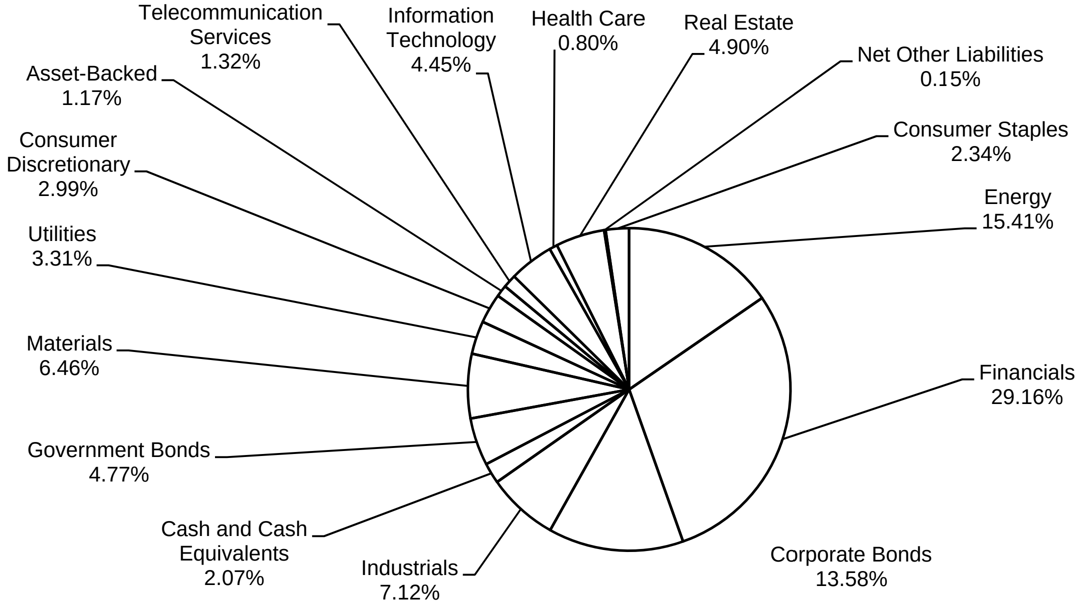
Annual Compound Returns

This table compares the compound returns of the Fund since inception with the performance of a blended Benchmark index comprised as follows: 70% S&P/TSX Composite Total Return Index (S&P/TSX Index), a capitalization-weighted index designed to measure the market activity of some of the largest float adjusted stocks listed on the Toronto Stock Exchange, 27% FTSE TMX Canada Bond Universe Index, which is a broad measure of the total return of Canadian bonds that mature in more than one year and 3% FTSE TMX Canada 91 Day Treasury Bill Index, which measures the performance attributable to 91-day Treasury Bills of the provincial and federal governments.

	Educators Monthly Income Fund (%)	S&P/ TSX Index (%)	FTSE TMX Bond Index (%)	91 Day T-Bill Index (%)	Blended Index (%)
Past 10 years	N/A	4.65	4.67	1.01	4.76
Past 5 years	7.46	8.63	3.01	0.72	6.92
Past 3 years	6.21	6.59	2.56	0.57	5.38
Past year	8.23	9.10	2.52	0.56	7.05

Note that the Benchmark returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark.

SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)



Top 25 Holdings

Security Name	Coupon Rate	Maturity Date	Percentage of Net Asset Value
Toronto-Dominion Bank			4.57%
Royal Bank of Canada			4.22%
Bank of Nova Scotia			3.47%
Enbridge Inc.			3.25%
Canadian National Railway Co.			2.91%
Bank of Montreal			2.82%
Bank of America Corp.			2.42%
Manulife Financial Corp.			2.41%
JPMorgan Chase & Co.			2.35%
Government of Canada	2.750%	December 1, 2048	2.31%
Suncor Energy Inc.			2.30%
Canadian Natural Resources Ltd.			2.24%
Canadian Imperial Bank of Commerce			2.13%
Pembina Pipeline Corp.			2.06%
Agrium Inc.			1.64%
Brookfield Asset Management Inc.			1.63%
KeyCorp			1.59%
Microsoft Corp.			1.56%
Alimentation Couche-Tard Inc.			1.56%
Shaw Communications Inc.			1.34%
Rogers Communications Inc.			1.32%
Teck Resources Ltd.			1.27%
Canada Treasury Bill	1.021%	March 22, 2018	1.22%
Chorus Aviation Inc.			1.20%
Intel Corp.			1.20%
Total Net Assets (000's)			**$65,293**

The top 25 holdings represent approximately 54.99% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at December 31, 2017 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

EDUCATORS FINANCIAL GROUP

2225 Sheppard Ave. East
Suite 1105
Toronto, Ontario M2J 5C2

Telephone: 416.752.6843
1.800.263.9541

Fax: 416.752.6649
1.888.662.2209

E-Mail: info@educatorsfinancialgroup.ca

Web: www.educatorsfinancialgroup.ca

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FINANCIAL GROUP