

2020

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2020

Offered by Educators Financial Group
Portfolio Manager: BMO Asset Management Inc., Toronto, Ontario

Educators Growth 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

The Fund's net assets decreased by 10.9% to \$86.9 million at the end of June 2020, down from \$97.5 million at the end of December 2019.

Investment Performance

For the period ending June 30, 2020 (the 'period'), the Educators Growth Fund – Class A Series provided a negative return of 10.96% and the Class I Series provided a negative return of 10.07%, versus the S&P/TSX Composite Total Return Index (the 'Benchmark') return of negative 7.47%. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

Early in 2020, there was healthy investor appetite for 'risk' assets. However, as COVID-19 began to spread (*and fear of an economic recession weighed on expectations for business and consumer spending*), stock markets declined around the world. In Canada, every equity sector was negatively impacted by the pandemic, although Information Technology stocks were the least affected. As investor concern regarding a prolonged economic recession started to fade, risk-on sentiment began to re-emerge in the second quarter. Central banks provided unprecedented monetary and fiscal support. In addition, most developed economies began to report fewer daily cases of COVID-19, lifting investor sentiment. The rally in Canadian stocks was supported by a gradual loosening of pandemic-related restrictions, bringing economic activity back to restaurants, hair salons, and other businesses. By the end of the period, the S&P/TSX Composite Index had climbed significantly off of its March lows, ending the period down just 7.5%—a stark improvement to the -20.9% return to start out the year at the end of March.

Over the period, the Fund underperformed its benchmark, the S&P/TSX Composite Index, primarily due to stock selection. The Industrials sector was one of the areas where stock selection negatively impacted performance. An overweight position in Air Canada detracted (*from performance*) as demand for air travel fell in response to COVID-19 travel restrictions. Stock selection within Information Technology also detracted, mainly as a result of an underweight position in Shopify Inc., which saw its share price rise sharply as the spread of the virus led to increased e-commerce activity.

Positive contributors to performance included the Fund's overweight position in the Information Technology sector (*as a whole*) and an underweight position in Energy. As was the Fund's lower-than-

benchmark weight to Suncor Energy Inc., added as declining crude oil prices negatively impacted the company's production segment. Stock selection was strongest within the Real Estate and Utilities sectors, which added to the Fund's overall performance. Top individual contributors to performance included overweight holdings in Franco-Nevada Corp. and Constellation Software Inc. Franco-Nevada benefited from higher gold prices and a diversified resource base. Constellation Software experienced minimal impact from the spread of COVID-19.

The portfolio manager added a new position in Thomson Reuters Corp. in response to the company's strong momentum, positive sentiment, and expected earnings growth. Barrick Gold Corp. (*a large, diversified gold producer*) was added to give the Fund more precious metals exposure. An existing position in National Bank of Canada was increased, based on its strong capital markets results and exposure to the fast-growing Quebec market.

On the other hand, the Fund's position in Cenovus Energy Inc. was eliminated during the period. While the company has a valuable asset base, short-term cash flow challenges and high debt levels led to lower momentum. The Fund's position in Air Canada was trimmed in response to the collapse in demand for air travel, which led to lower earnings growth and profitability.

Recent Developments

Over the coming period, the portfolio manager expects equity market volatility to continue, as concern regarding a second wave of COVID-19 ebbs and flows (*even as the economy slowly recovers*). Without any major setbacks, the portfolio manager believes companies with strong fundamentals and attractive valuations, which were hard hit by the recent market decline, should rebound as the economy returns to a new normal. However, if a second downturn does materialize, the Fund's higher-quality holdings should provide some downside protection.

In response to what the portfolio manager views as a long-term, structural shift in oil prices, the stock selection model used to evaluate companies held within the Fund was updated during the period. In particular, it is the portfolio manager's view that U.S. crude oil prices are expected to remain below \$40-45 (US) per barrel for the foreseeable future. This view is based on a long-term shift that has been occurring for some time. However, the recent pandemic and resulting collapse in oil demand may be an opportunity for the world to accelerate the transition to renewable energy sources. This transition would ultimately

put further downward pressure on the price of a barrel of crude. Therefore, energy producers with strong balance sheets and cash flow-generating abilities should be better positioned to invest for the future and generate more sustainable returns. As a result, the portfolio manager has updated the Energy exposure within the Fund to ensure that oil producers have a stronger focus on current cash flow and less of a focus on reserves in the ground (*that often indicate some potential for future production growth*). The risk to being heavily exposed to reserve assets is that low oil prices could force companies to walk away from those assets as they prove to become financially obsolete.

Caution Regarding Forward-looking Statements

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

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

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, 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 unless required by applicable law.

Related Party Transactions

BMO Asset Management Inc. (BMO AM), the Fund’s Portfolio Manager, is an affiliate of the BMO Financial Group. From time to time, BMO AM may on behalf of the Fund enter into transactions or arrangements with, or involving, other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio Manager of the Fund.

Buying and Selling Securities

Bank of Montreal Common Shares

Bank of Montreal (BMO) is an affiliate of the Fund’s Portfolio Manager BMO AM. The maximum amount of BMO common shares held in the Fund during the period was approximately 3.4% and at the end of the period was approximately 2.5%.

Brokerage Fees

The Fund pays standard brokerage commissions at market rates to BMO Capital Markets, an affiliate of the Portfolio Manager. The brokerage fees charged to the Fund were as follows:

	<u>2020</u> <i>(Jun 30)</i>	<u>2019</u> <i>(Jun 30)</i>
<i>Total Brokerage Fees</i>	\$15,137	\$12,639
<i>Brokerage Fees Paid to BMO Capital Markets</i>	\$1,992	\$2,180

In the first six months of 2020 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 and for the past five years. Currently Class I units of the Fund are not being offered to purchase.

Educators Growth Fund – Class A Series – Net Assets per Unit ⁽¹⁾

	Six months ended June 30		Year ended December 31			
	2020	2019	2018	2017	2016	2015
Net Assets, beginning of period	\$24.11	\$20.22	\$23.97	\$23.71	\$20.79	\$21.58
Increase (decrease) from operations:						
Total revenue	\$0.33	\$0.59	\$0.55	\$0.56	\$0.50	\$0.52
Total expenses, including transaction costs [excluding distributions]	(\$0.22)	(\$0.46)	(\$0.46)	(\$0.47)	(\$0.44)	(\$0.44)
Realized gains (losses) for the period	(\$0.14)	\$0.63	\$1.03	\$2.28	\$0.71	\$0.89
Unrealized gains (losses) for the period	(\$2.66)	\$3.37	(\$3.80)	(\$0.37)	\$2.21	(\$1.44)
Total increase (decrease) from operations ⁽²⁾	(\$2.69)	\$4.13	(\$2.68)	\$2.00	\$2.98	(\$0.47)
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.07	\$0.05	\$--	\$--	\$--	\$--
From capital gains	\$--	\$0.09	\$1.00	\$1.69	\$0.07	\$0.31
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.07	\$0.14	\$1.00	\$1.69	\$0.07	\$0.31
Net Assets, end of period	\$21.40	\$24.11	\$20.22	\$23.97	\$23.71	\$20.79

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30		Year ended December 31			
	2020	2019	2018	2017	2016	2015
Total Net Asset Value (000's) ⁽⁴⁾	\$71,557	\$83,979	\$78,907	\$95,447	\$87,830	\$79,447
Number of units outstanding ⁽⁴⁾	3,344,387	3,482,624	3,901,914	3,981,738	3,704,213	3,821,905
Management expense ratio ⁽⁵⁾	1.98%	1.97%	1.93%	1.93%	1.93%	1.93%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%
Trading expense ratio ⁽⁷⁾	0.03%	0.03%	0.03%	0.04%	0.05%	0.06%
Portfolio turnover rate ⁽⁸⁾	25.68%	53.47%	44.76%	65.54%	27.81%	40.63%
Net Asset Value per unit	\$21.40	\$24.11	\$20.22	\$23.97	\$23.71	\$20.79

Educators Growth Fund – Class I Series – Net Assets per Unit ⁽¹⁾

	Six months ended June 30		Year ended December 31	
	2020	2019	2018	2015
Net Assets, beginning of period	\$10.21	\$8.50	\$10.00	
Increase (decrease) from operations:				
Total revenue	\$0.14	\$0.25	\$0.24	
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$0.00	
Realized gains (losses) for the period	(\$0.07)	\$0.29	\$0.31	
Unrealized gains (losses) for the period	(\$0.92)	\$1.14	(\$2.21)	
Total increase (decrease) from operations ⁽²⁾	(\$0.85)	\$1.68	(\$1.66)	
Distributions:				
From net investment income (excluding dividends)	\$--	\$--	\$--	
From dividends	\$0.13	\$0.14	\$--	
From capital gains	\$--	\$0.04	\$0.53	
Return of capital	\$--	\$--	\$--	
Total Annual Distributions ⁽³⁾	\$0.13	\$0.18	\$0.53	
Net Assets, end of period	\$9.06	\$10.21	\$8.50	

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30		Year ended December 31	
	2020	2019	2018	2015
Total Net Asset Value (000's) ⁽⁴⁾	\$15,299	\$13,466	\$5,598	
Number of units outstanding ⁽⁴⁾	1,689,149	1,318,514	658,596	
Management expense ratio ⁽⁵⁾	--%	0.01%	0.01%	
Management expense ratio before waivers or absorptions ⁽⁶⁾	--%	0.01%	0.01%	
Trading expense ratio ⁽⁷⁾	0.03%	0.03%	0.03%	
Portfolio turnover rate ⁽⁸⁾	25.68%	53.47%	44.76%	
Net Asset Value per unit	\$9.06	\$10.21	\$8.50	

⁽¹⁾ This information is derived from the Fund's interim financial report and audited annual financial statements.

For financial years beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

All references to "Net Assets" or "Net Assets per Unit" in these financial highlights are references to net assets attributable to holders of redeemable units determined in accordance with IFRS as presented in the financial statements of the Fund.

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

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

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

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

⁽⁶⁾ The management expense ratio before waivers or absorptions shows what the

management expense ratio of the Fund would have been if Educators Financial Group had not charged a lesser amount for its management fee.

- (7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (8) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

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

The Manager-Trustee monitors and evaluates the performance of the Fund and pays for the investment management services of the portfolio manager, 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 1.75% for the Class A Series. The Class I Series is identical in all aspects to the Class A Series, except that there is no management fee payable by the Fund in respect of the Class I units.

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

Approximately 13.5% of the total management fees collected from all series were used to pay for portfolio management services, with the remainder of the fees being allocated to custodial services, marketing, technology, and Manager-Trustee operating expenses.

PAST PERFORMANCE

General

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

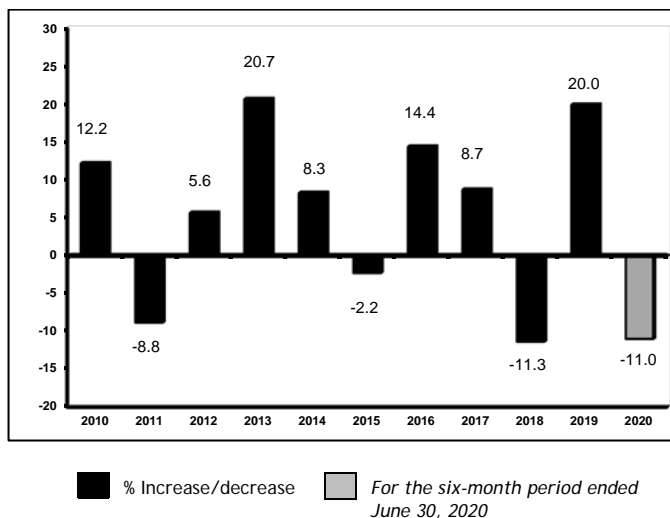
The performance information does not take into account sales, redemption, distribution, or other optional charges that would have reduced returns or performance. The performance of different fund series may vary for a number of reasons, including differences in management fees and expenses. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

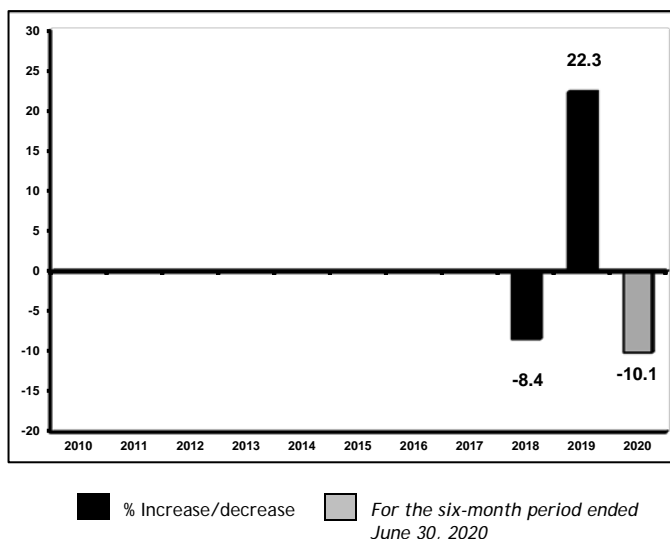
The bar chart shows the Fund's annual performance for each of the years shown and for the six-month period and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first

day of each financial period would have grown or decreased by the last day of each financial period.

Annual Returns – Class A Series



Annual Returns – Class I Series ⁽¹⁾



⁽¹⁾ The Class I Series commenced operations January 4, 2018



**SUMMARY OF INVESTMENT PORTFOLIO
(Based on Net Asset Value)**

As at June 30, 2020

Sector Mix	Percentage of Net Asset Value
Financials	25.29%
Energy	11.86%
Industrials	10.98%
Materials	10.90%
Information Technology	10.66%
Consumer Staples	6.15%
Communication Services	5.59%
Exchange-Traded Fund	5.10%
Real Estate	4.62%
Utilities	3.50%
Consumer Discretionary	2.41%
Health Care	1.44%
Short-term Investments	1.27%
Cash and Cash Equivalents	0.15%
Net Other Assets	0.08%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Royal Bank of Canada	7.38%
Shopify Inc.	4.90%
Canadian Pacific Railway Ltd.	4.33%
BCE Inc.	4.16%
Franco-Nevada Corp.	3.95%
Constellation Software Inc.	3.88%
Enbridge Inc.	3.83%
Toronto-Dominion Bank	3.73%
Canadian Natural Resources Ltd.	3.46%
BMO S&P 500 Index ETF	3.25%
Sun Life Financial Inc.	3.06%
Kirkland Lake Gold Ltd.	3.02%
Alimentation Couche-Tard Inc.	2.56%
Bank of Montreal	2.46%
Granite Real Estate Investment Trust	2.36%
Manulife Financial Corp.	2.35%
Canadian Apartment Properties REIT	2.26%
TC Energy Corp.	2.18%
Barrick Gold Corp.	2.14%
National Bank of Canada	2.08%
Empire Co Ltd.	2.03%
BRP Inc.	1.99%
CGI Inc.	1.88%
BMO Low Volatility Canadian Equity ETF	1.84%
Northland Power Inc.	1.66%
Total Net Assets (000's)	\$86,856

The top 25 holdings represent approximately 76.74% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2020 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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