

# 2020

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2020

Offered by Educators Financial Group  
Portfolio Manager: Fiera Capital Inc., Toronto, Ontario

### Educators Money Market Fund



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

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

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

The Fund's net assets increased by 19.3% to \$27.2 million at the end of June 2020, up from \$22.8 million at the end of December 2019.

### Investment Performance

For the period ending June 30, 2020 (the 'period'), the Educators Money Market Fund – Class A Series provided a return of 0.51% and the Class I Series provided a return of 0.72%, versus the FTSE TMX Canada 91 Day Treasury Bill Index (the 'Benchmark') return of 0.77%. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

The proportion of corporate and provincial-guaranteed securities within the Fund increased during the period, while holdings of federally guaranteed securities decreased—enhancing yield within the portfolio (*as interest rates declined during the period*). As of June 30, 2020, the Fund held 67.2% of its investments in Government of Canada and Provincial Treasury Bills, with the balance being held in corporate paper.

Following a period of relative stability in the Canadian short-term markets, the period from mid-February until the end of March 2020 will be remembered as a perfect storm. Up to that point, the Bank of Canada (BoC) was contemplating a single rate cut to help a softening economy. In the United States, the Federal Reserve had already started to lower its Federal Funds rate by 0.25%.

Following the acceleration of the COVID-19 impact and swift government response, markets witnessed an unprecedented flight to the safety of government securities, even more significant than during the 2008-09 Financial Crisis. Bond yields dropped swiftly by a large magnitude and globally, Central Banks responded.

The BoC reduced its overnight rate from 1.75% to 0.25% in three moves of 0.50% over a period of 23 days—including two inter-meeting moves. Never have Canadian interest rates been cut so much over such a short period. The U.S. Federal Reserve also eased by 1.50% in two inter-meeting decisions. Interest rates were taken to the same low level as in the depths of the Great Recession of 2009.

During this period, almost every security not issued by the federal government had become suspect—a category that included not only bank and corporate securities, but also those issued by provincial

governments. Their spreads relative to federal government securities widened to unprecedented levels. To alleviate the situation, the BoC introduced several programs to restore liquidity to the system.

Stabilization is the best word to describe what happened in the money market world and in the broader fixed income market during the second quarter of 2020. There were no further interest rate changes in either the U.S. or Canada and market participants became accustomed to extremely low interest rates, which are anticipated to remain in place long into the foreseeable future.

After establishing new programs at the end of the first quarter to help alleviate the strains in the money market—the Commercial Paper Purchase Program (CPPP); the Provincial Money Market Purchase (PMMP); and the Banker Acceptance Purchase Facility Operation, the BoC did acknowledge the positive impact of its operations and decided to reduce the amount and timing of its interventions. Now the spread between Government of Canada Treasury Bills and both Provincials Treasury Bills and Bankers Acceptances have been reduced close to all-time lows.

During the period, there was also a change of guard, as Tiff Macklem replaced Stephen Poloz as head of the BoC. At his first meeting, Governor Macklem sent a message that the BoC wanted to avoid negative interest rates and that the worst (*in the markets*) was probably past. Market functioning is now almost returned to normal.

Over the period, the performance of the Fund was driven by its large proportion of high-quality credit names and Provincial Treasury Holdings, while the Fund's holdings of Government of Canada Treasury Bills provided stability to returns.

Returns were strong in January 2020, but were impacted during late February and March, as provincial and corporate securities underperformed federal treasury bills. Performance rallied again in the second quarter, where the impact of stimulus, lower interest rates, and programs established by the BoC all helped bring stability to the short-term market (*in addition to increased demand for provincial and corporate offerings*). The fact overall yield decrease in the corporate market was much greater than in the government market, enhanced returns during the second quarter.

### Recent Developments

The portfolio manager continues to focus on high-quality corporate holdings (*and on selecting securities with maturities that present the most attractive yields*) in order to provide the fund with a yield in excess of Government of Canada treasury bills. The portfolio manager continues to take advantage of yield-enhancing opportunities, as they arise. To complement the Fund's holdings of Government of Canada and Provincial treasury bills, the Fund will continue to hold a significant weight of commercial paper, bank-sponsored asset-backed commercial paper, and banker's acceptances going forward.

### 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

On August 19, 2019, Fiera Capital Corporation acquired all issued and outstanding shares of Foresters Asset Management Inc. from Foresters Life Insurance Company. Upon the closing, Foresters Asset

Management Inc. was renamed Fiera Capital Fund Management Inc. ("FCFM"). FCFM was incorporated into the Canadian operations of Fiera Capital, by amalgamating Fiera Capital and FCFM shortly following the acquisition. Fiera Capital is a leading independent asset management firm and trades under the ticker FSZ on the Toronto Stock Exchange.

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 Money Market Fund – Class A Series – Net Assets per Unit <sup>(1)</sup>

	Six months ended June 30	Year ended December 31				
	2020	2019	2018	2017	2016	2015
Net Assets, beginning of period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	\$0.07	\$0.18	\$0.15	\$0.08	\$0.06	\$0.08
Total expenses, including transaction costs [excluding distributions]	(\$0.02)	(\$0.06)	(\$0.06)	(\$0.06)	(\$0.05)	(\$0.06)
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.02</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	\$0.05	\$0.12	\$0.09	\$0.02	\$0.01	\$0.02
From dividends	\$--	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.02</b>
Net Assets, end of period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

**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) <sup>(4)</sup>	\$22,393	\$18,693	\$15,959	\$14,624	\$17,129	\$19,434
Number of units outstanding <sup>(4)</sup>	2,239,274	1,869,288	1,595,937	1,462,438	1,712,916	1,943,435
Management expense ratio <sup>(5)</sup>	0.46%	0.62%	0.59%	0.58%	0.53%	0.53%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.62%	0.62%	0.62%	0.62%	0.61%	0.61%
Trading expense ratio <sup>(7)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

**Educators Money Market Fund – Class I Series – Net Assets per Unit <sup>(1)</sup>**

	Six months ended June 30		Year ended December 31	
	2020	2019	2018	2017
Net Assets, beginning of period	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	\$0.07	\$0.21	\$0.17	\$0.17
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--	\$0.00
Realized gains (losses) for the period	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.07</b>	<b>\$0.21</b>	<b>\$0.17</b>	<b>\$0.17</b>
<b>Distributions:</b>				
From net investment income (excluding dividends)	\$0.07	\$0.18	\$0.15	\$0.15
From dividends	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.07</b>	<b>\$0.18</b>	<b>\$0.15</b>	<b>\$0.15</b>
<b>Net Assets, end of period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

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

	Six months ended June 30		Year ended December 31	
	2020	2019	2018	2017
Total Net Asset Value (000's) <sup>(4)</sup>	\$4,834	\$4,089	\$1,602	\$1,602
Number of units outstanding <sup>(4)</sup>	483,351	408,916	160,159	160,159
Management expense ratio <sup>(5)</sup>	--	--	--	--
Management expense ratio before waivers or absorptions <sup>(6)</sup>	--	--	--	--
Trading expense ratio <sup>(7)</sup>	N/A	N/A	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00	\$10.00

<sup>(1)</sup> This information is derived from the Fund's interim financial report and audited annual financial statements. For the financial years beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All references to "Net Assets" or "Net Assets per Unit" in these financial highlights are

references to net assets attributable to holders of redeemable units determined in accordance with IFRS as presented in the financial statements of the Fund.

- <sup>(2)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
- <sup>(3)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund.
- <sup>(4)</sup> This information is provided as at June 30 or December 31 of the year shown.
- <sup>(5)</sup> Management expense ratio is based on total expenses (excluding [distributions], commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- <sup>(6)</sup> The management expense ratio before waivers or absorptions shows what the management expense ratio of the Fund would have been if Educators Financial Group had not charged a lesser amount for its management fee.
- <sup>(7)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

**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, the Manager-Trustee is entitled to receive a fee payable monthly, calculated daily, and based on the Net Asset Value of the Fund, at a maximum annual rate of 0.55% for the Class A Series. The Class I Series is identical in all respect 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 28.2% 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**

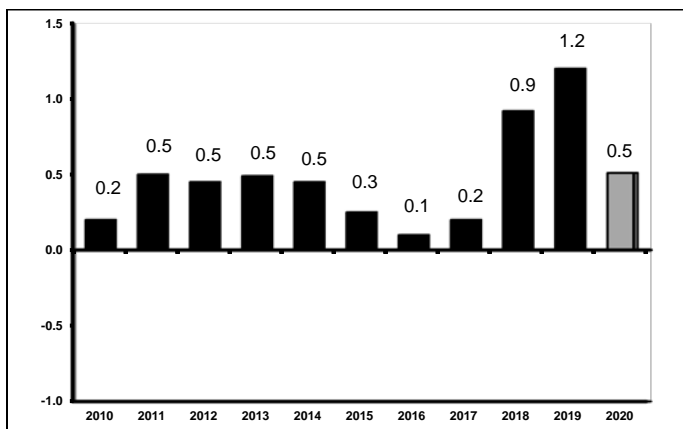
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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

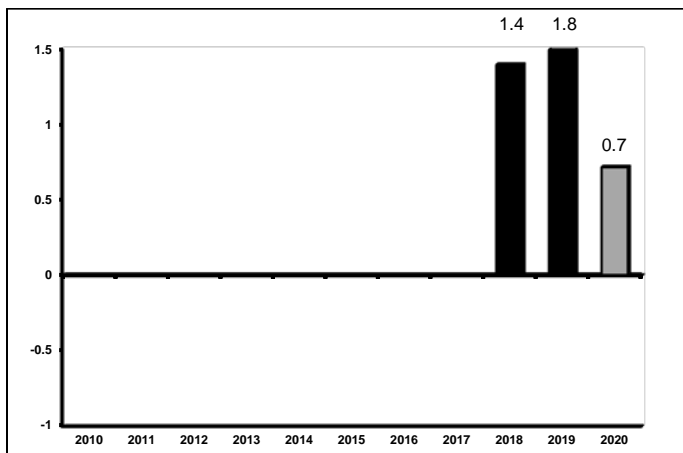
The bar chart shows the Fund's annual performance for each of the years shown and for the six-month period and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have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

#### Annual Returns – Class A Series



■ % Increase/decrease    ■ For the six-month period ended June 30, 2020

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



■ % Increase/decrease    ■ For the six-month period ended June 30, 2020

<sup>(1)</sup> 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
Treasury Bills	49.32%
Discount Commercial Paper	20.42%
Bankers' Acceptances	15.64%
Promissory Notes	10.83%
Net Other Assets	2.20%
Bearer Deposit Notes	1.46%
Cash and Cash Equivalents	0.13%

#### Top 25 Holdings

Security Name	Percentage of Net Asset Value
Province of Quebec, 0.29%, August 21, 2020	22.02%
Province of Ontario, 0.28%, August 12, 2020	9.53%
Province of British Columbia, 0.30%, July 2, 2020	8.28%
Canadian Treasury Bill, 0.25%, October 15, 2020	6.42%
Ontario Teachers' Finance Trust, 1.96%, July 15, 2020	5.48%
Province of Manitoba, 0.27%, August 26, 2020	5.05%
PACCAR Financial Ltd., 0.39%, July 15, 2020	4.04%
OMERS Finance Trust, 0.28%, August 14, 2020	4.04%
Canadian Treasury Bill, 0.26%, August 13, 2020	3.67%
Bank of Nova Scotia, 1.80%, July 10, 2020	2.84%
CIBC, 0.38%, November 25, 2020	2.75%
Royal Bank of Canada, 0.43%, September 22, 2020	2.68%
Bank of Montreal, 0.34%, September 25, 2020	2.57%
Province of New Brunswick, 0.28%, July 16, 2020	2.07%
Province of Alberta, 0.34%, September 14, 2020	1.82%
Nestle Capital Canada Ltd., 0.31%, September 15, 2020	1.63%
Canadian Treasury Bill, 0.19%, July 23, 2020	1.60%
Honda Canada Finance Inc., 0.39%, July 16, 2020	1.56%
Toronto-Dominion Bank, 0.85%, November 24, 2020	1.46%
Province of Ontario, 1.05%, August 19, 2020	1.40%
Royal Bank of Canada, 0.40%, September 8, 2020	1.36%
Toronto-Dominion Bank, 0.37%, July 8, 2020	1.23%
Canadian Treasury Bill, 0.23%, August 6, 2020	1.23%
Province of Alberta, 0.33%, July 7, 2020	0.73%
Toronto-Dominion Bank, 0.37%, August 31, 2020	0.62%

Total Net Assets (000's)

\$27,226

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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