

2020

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2020

Offered by Educators Financial Group
Portfolio Manager: HSBC Global Asset Management (Canada) Limited, Toronto, Ontario

Educators Monitored Aggressive Portfolio



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 increased by 19.0% to \$2.5 million at the end of June 2020, up from \$2.1 million at the end of December 2019.

Investment Performance

For the period ending June 30, 2020 (the 'period'), the Educators Monitored Aggressive Portfolio – Class A Series provided a negative return of 9.06% and the Class I Series provided a negative return of 8.15%, versus a Benchmark return of negative 2.66%. The benchmark is a weighted composite consisting of 28.5% MSCI EAFE Index C\$ (net of withholding taxes), 34.0% S&P 500 Index C\$ (net of withholding taxes), 27.5% S&P/TSX Composite Index, and 10.0% FTSE TMX Canada Universe Bond Index (the 'Benchmark'). Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

Class E units of the Fund were launched on February 4, 2020. Due to policies issued by the Canadian Securities Administrators, investment performance data is not reported for funds in existence for less than one year.

It was a tale of two quarters, with a sharp downturn in March and a steady recovery over the second quarter. Financial markets fell late in the first quarter, as the Coronavirus spread rapidly across the globe—causing governments to halt many non-essential economic activities to control infection rates. Following this, the second quarter saw a robust rebound amid unprecedented levels of fiscal and monetary policy support, gradual lifting of the most stringent lockdown measures, and hopeful headlines regarding new treatments and a potential vaccine within the next 12 months.

In Canadian dollar terms, international equities fell approximately 6.7% during the period. The U.S. market gained 2.1%, while the Canadian market declined 7.5%. Benefitting from easy policy and investor worries, the domestic bond market gained 7.5%, as the yield on benchmark 10-year Government of Canada bonds fell to a record low of 0.5%. Within commodities, West Texas Intermediate crude oil ended near USD40/barrel (*still down 36% year to date*) and gold pushed close to USD1800/oz.

The Fund underperformed its Benchmark during the period. Stock selection in the foreign equity, U.S. equity, and Canadian equity segments were the main negative contributors. Allocation to emerging market debt and global high-yield bonds also detracted value, despite

outperforming their respective benchmarks in the second quarter. Finally, the positive impact of a higher than Benchmark allocation to U.S. equities and mortgages, as well as an underweight position to foreign equities (*relative to its Benchmark*) was more than offset by an average modest bias away from core Canadian bonds during the 6 months (*and higher cash allocation during the second quarter*).

Recent Developments

After an initial rebound from pent-up demand, the portfolio manager estimates that a full recovery to pre-COVID-19 levels will most likely take 18-24 months. This assumes a continuation of aggressive policy support, gradual reopening of the global economy, and a widely available vaccine.

Given lingering uncertainty regarding the COVID-19 health crisis, the portfolio manager believes a cautious investment strategy remains warranted and holds a slightly higher than Benchmark allocation to cash. They anticipate elevated market volatility will provide further opportunities to improve the risk-return profile of the Fund. Meanwhile, after adding to equities during March's market panic, the portfolio enters the third quarter with a modest underweight position to overall equities, relative to its Benchmark. Within the equity segment, the portfolio manager favours domestic and U.S. equities over international and emerging market equities. Within fixed income, they feel that global high-yield bonds and emerging market debt offer reasonable exposure to the gradual global recovery (*while being paid income to partially offset risk*). Finally, the portfolio manager also added a small position in global real estate equities, as the market may be underestimating future opportunities for higher-quality property owners.

The portfolio remains well diversified across asset classes and geographies. The portfolio manager is closely following COVID-19 developments, along with any changes in economic and earnings expectations—as well as monitoring the commitment to (*and efficacy of*) the many policy initiatives being enacted.

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

Pursuant to the Fund's investment strategies included in the Fund's Simplified Prospectus, the Fund may invest in other mutual funds and for the period has invested in HSBC International Equity Pooled Fund; HSBC Emerging Markets Pooled Fund; HSBC Emerging Markets Debt Fund, Institutional Series; HSBC Global High Yield Bond Pooled Fund; and HSBC Small Cap Growth Fund, Institutional Series which are funds managed by the Fund's Portfolio Manager.

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 since inception. As the Class E units of the Fund have recently been created no Financial Highlights are provided in this document, Financial Highlights will be provided in our next interim management report of fund performance ("MRFPP"). Currently Class I units of the Fund are not being offered to purchase.

Educators Monitored Aggressive Portfolio – Class A Series – Net Assets per Unit⁽¹⁾

	Six months ended June 30	Year ended December 31	
	2020	2019	2018
Net Assets, beginning of period	\$10.33	\$9.05	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.20	\$0.29	\$0.23
Total expenses, including transaction costs [excluding distributions]	(\$0.09)	(\$0.20)	(\$0.19)
Realized gains (losses) for the period	(\$0.07)	(\$0.08)	\$0.39
Unrealized gains (losses) for the period	(\$0.99)	\$1.34	(\$1.46)
Total increase (decrease) from operations⁽²⁾	(\$0.95)	\$1.51	(\$1.03)
Distributions:			
From net investment income (excluding dividends)	\$0.07	\$0.06	\$0.01
From dividends	\$0.03	\$0.03	\$--
From capital gains	\$--	\$0.10	\$0.27
Return of capital	\$--	\$--	\$--
Total Annual Distributions⁽³⁾	\$0.10	\$0.19	\$0.28
Net Assets, end of period	\$9.30	\$10.33	\$9.05

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31	
	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$1,964	\$1,847	\$876
Number of units outstanding ⁽⁴⁾	211,236	178,890	96,718
Management expense ratio ⁽⁵⁾	1.98%	1.98%	1.99%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.98%	1.98%	1.99%
Trading expense ratio ⁽⁷⁾	--	--	--
Portfolio turnover rate ⁽⁸⁾	10.03%	24.28%	3.78%
Net Asset Value per unit	\$9.30	\$10.33	\$9.05

Educators Monitored Aggressive Portfolio – Class I Series – Net Assets per Unit ⁽¹⁾

	Six months ended June 30	Year ended December 31	
	2020	2019	2018
Net Assets, beginning of period	\$10.41	\$9.10	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.20	\$0.25	\$0.17
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--
Realized gains (losses) for the period	(\$0.07)	\$0.04	\$0.30
Unrealized gains (losses) for the period	(\$0.89)	\$1.47	(\$1.10)
Total increase (decrease) from operations ⁽²⁾	(\$0.76)	\$1.76	(\$0.63)
Distributions:			
From net investment income (excluding dividends)	\$0.13	\$0.12	\$0.10
From dividends	\$0.05	\$0.14	\$--
From capital gains	\$--	\$0.10	\$0.30
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.18	\$0.36	\$0.40
Net Assets, end of period	\$9.38	\$10.41	\$9.10

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31	
	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$224	\$216	\$263
Number of units outstanding ⁽⁴⁾	23,845	20,701	28,861
Management expense ratio ⁽⁵⁾	--%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	--%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	--	--	--
Portfolio turnover rate ⁽⁸⁾	10.03%	28.24%	3.78%
Net Asset Value per unit	\$9.38	\$10.41	\$9.10

⁽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 and 1.40% for the Class E 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 16.9% 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 period(s) shown were reinvested in additional units of the Fund.

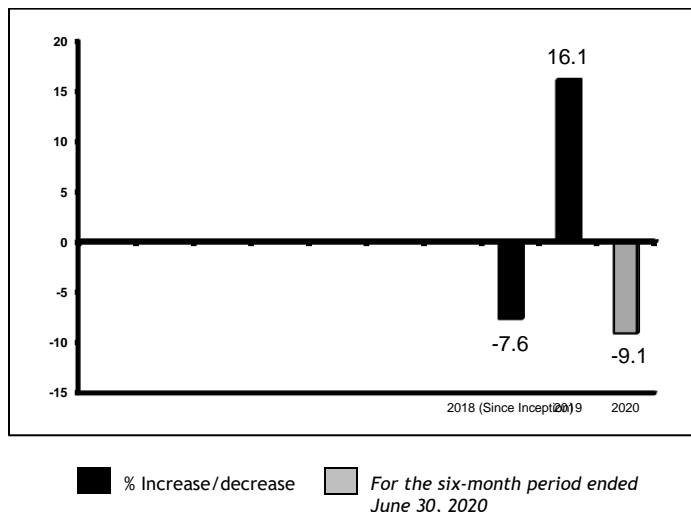
The performance information does not take into account sales, redemption, distribution, or other optional charges that would have reduced returns or performance. The performance of different fund series may vary for a number of reasons, including differences in management fees and expenses. Please remember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

Year-by-Year Returns

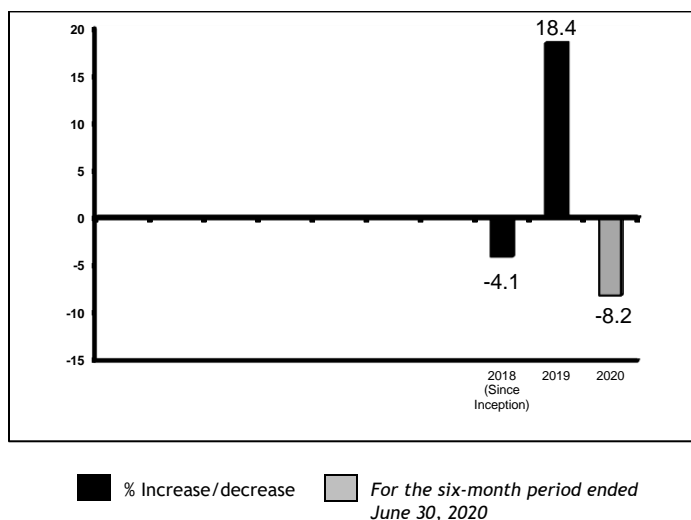
The bar chart shows the Fund's annual performance since inception for each of the years shown and for the six-month period and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on

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 ⁽¹⁾



Annual Returns – Class I Series ⁽¹⁾



⁽¹⁾ The Class A and Class I Series commenced operation January 4, 2018

Annual Returns – Class E Series

Regulatory restrictions limit publishing performance for investment funds with a history of less than one year.

SUMMARY OF INVESTMENT PORTFOLIO
(Based on Net Asset Value)

As at June 30, 2020

Sector Mix	Percentage of Net Asset Value
Canadian Mutual Funds	97.55%
Net Other Assets	1.64%
Cash and Cash Equivalents	0.81%

Top Holdings

Security Name	Percentage of Net Asset Value
Educators U.S. Equity Fund, Class I	33.58%
Educators Growth Fund, Class I	24.82%
HSBC International Equity Pooled Fund	20.56%
HSBC Emerging Markets Pooled Fund	5.87%
HSBC Global High Yield Bond Pooled Fund	5.29%
HSBC Emerging Markets Debt Fund, Institutional Series	4.43%
HSBC Small Cap Growth Fund, Institutional Series	2.59%
HSBC Global Real Estate Equity Pooled Fund	0.41%

Total Net Assets (000's) \$2,510

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. Information about the holdings of the HSBC Funds owned by the Fund is contained in their simplified prospectus, annual information form and fund facts documents available on SEDAR at www.sedar.com.

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

