

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 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

The Fund's net assets decreased by 12.6% to \$51.9 million at the end of June 2020, down from \$59.4 million at the end of December 2019.

Investment Performance

For the period ending June 30, 2020 (the 'period'), the Educators Monthly Income Fund – Class A Series provided a negative return of 5.67%, versus a Benchmark return of negative 2.98%. 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. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in Benchmark.

The longest bull run in market history came to an end during the first half of 2020. The S&P/TSX Composite began the year on a strong note, which lasted until late February (*when the response to the COVID-19 pandemic caused markets to fall over 30%*). While pre-pandemic conversations centered on how companies planned to capture growth opportunities, the focus shifted to the strength of company balance sheets, debt maturities, and credit agreements.

During the first quarter, a collapse in oil prices also hit the Canadian economy, after Saudi Arabia and Russia failed to reach an agreement on production cuts. Energy is a significant weight in the S&P/TSX Composite and the portfolio benefited from having a lower weight in this sector than the benchmark (*as the portfolio manager had found more compelling opportunities in other areas of the market*).

The S&P/TSX Composite recovered quickly into June 2020, with many stocks returning to their all-time highs before the pandemic and crude prices soaring in May. However, the market rally was fairly narrow, with only three sectors outperforming the S&P/TSX in the second quarter: Information Technology, Materials, and Consumer Discretionary. Even more specifically, both Shopify (*which rose 119% to become the most highly valued company in Canada*) and Gold stocks (*which rose over 50%*) were key drivers of the S&P/TSX increase during the quarter.

Within the Canadian fixed income market, the market sentiment during the period was extremely volatile. The year started off with a relatively stable risk-on tone, which dissipated as the response to the COVID-19 pandemic paralyzed global markets. Global yield curves plummeted to record low levels, as central banks cut interest rates to near 0% (*in a manner that surprised markets*). Corporate bonds became almost

completely illiquid, regardless of size, term, or credit quality. Credit spreads widened multiple times from their prior levels. By mid-April, when the market started to digest the unprecedented amounts of government and central bank support, liquidity slowly returned and credit spreads began their trajectory tighter, retracing most of the widening by the end of the period. The tone of the market was positive by the end of the period, as market participants discounted the risks of a second wave of COVID-19 infections, negative growth projections, continued shutdowns, and deteriorating China-U.S. relations.

During the second quarter, the equity portfolio detracted from relative performance. The Fund's holdings of U.S. securities contributed positively, outperforming their benchmark—with the most significant contributions from FactSet, Danaher, Mastercard, TMX Group, and Accenture. Factset, which was added to the portfolio in 2020, is a provider of data and software applications for financial services companies. Given its software is mission critical for customers, the company has fared well through the pandemic and increased its guidance for the rest of the period. The Fund's exposure to U.S. equities increased through the period.

The Canadian equity securities underperformed their benchmark. Positive contributions include the Fund's underweight position in stocks within the Energy sector, holdings in Constellation Software, and Metro. However, these contributors were outweighed by the Fund's underweight allocation in the Materials sector, particularly among gold miners and in not holding Shopify, which dominated the Information Technology sector in Canada. These securities were not appropriate investments for the portfolio, as they do not pay a sufficiently substantial dividend.

The fixed income portfolio slightly underperformed its benchmark through the period. It outperformed in early 2020, benefitting from an overweight of corporate bonds. However, by mid-March, all risk assets suffered as restrictions related to the COVID-19 pandemic paralyzed markets and spreads widened to multiple times their current levels. As the portfolio remained focused on corporations with solid liquidity and balance sheets (*and presenting defensive characteristics*), the portfolio benefitted from the second quarter rally. The portfolio's overweight position in the Corporate sector, particularly holdings in the Energy, Securitization, and Financials sectors, enhanced performance through the period. However, the portfolio's underweight stance in the Provincial sector detracted from relative performance, as Provincials also enjoyed a strong rally in the second quarter.

The Fund's asset mix remained relatively stable during the period. The Fund's holdings in equities decreased marginally, while the exposure to fixed income securities increased slightly. As of June 30, 2020, the Fund held 28.2% of its assets in Canadian fixed income, including an allocation to short-term Canadian fixed income, 51.7% in Canadian stocks, 18.7% in U.S. stocks, and 1.5% in Cash and equivalents.

Recent Developments

Within the equity portfolio, the investment management team's outlook for 2020 remains unchanged. The team remains disciplined and focused on investing in high-quality dividend-paying companies with a demonstrated ability to compound intrinsic value over time. The fixed income portfolio will continue to be invested in a diversified portfolio of fixed income securities, with a significant concentration of corporate bonds. The fixed income portfolio will continue to remain duration-neutral to its benchmark, in order to reduce interest rate risk.

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 Monthly Income 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	\$9.74	\$9.07	\$10.33	\$10.12	\$9.92	\$10.29
Increase (decrease) from operations:						
Total revenue	\$0.14	\$0.33	\$0.31	\$0.33	\$0.29	\$0.30
Total expenses, including transaction costs [excluding distributions]	(\$0.06)	(\$0.14)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.16)
Realized gains (losses) for the period	(\$0.17)	\$0.62	\$0.44	\$0.27	\$--	\$0.41
Unrealized gains (losses) for the period	(\$0.52)	\$0.47	(\$1.27)	\$0.36	\$0.67	(\$0.39)
Total increase (decrease) from operations ⁽²⁾	(\$0.61)	\$1.28	(\$0.67)	\$0.81	\$0.81	\$0.16
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.30	\$0.20	\$0.16	\$0.16	\$0.14	\$0.14
From capital gains	\$--	\$0.39	\$0.45	\$0.02	\$--	\$0.12
Return of capital	\$--	\$0.01	\$--	\$0.42	\$0.46	\$0.34
Total Annual Distributions ⁽³⁾	\$0.30	\$0.60	\$0.61	\$0.60	\$0.60	\$0.60
Net Assets, end of period	\$8.89	\$9.74	\$9.07	\$10.33	\$10.12	\$9.92



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⁾	\$51,867	\$59,411	\$59,836	\$65,293	\$54,721	\$49,881
Number of units outstanding ⁽⁴⁾	5,837,323	6,101,290	6,596,034	6,323,244	5,408,281	5,030,870
Management expense ratio ⁽⁵⁾	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%
Trading expense ratio ⁽⁷⁾	0.04%	0.05%	0.07%	0.05%	0.09%	0.10%
Portfolio turnover rate ⁽⁸⁾	30.51%	98.31%	78.88%	62.06%	74.21%	77.75%
Net Asset Value per unit	\$8.89	\$9.74	\$9.07	\$10.33	\$10.12	\$9.92

- (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 1.15% for the Class A Series. The Class I Series is identical on 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 14.6% of the total management fees collected 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

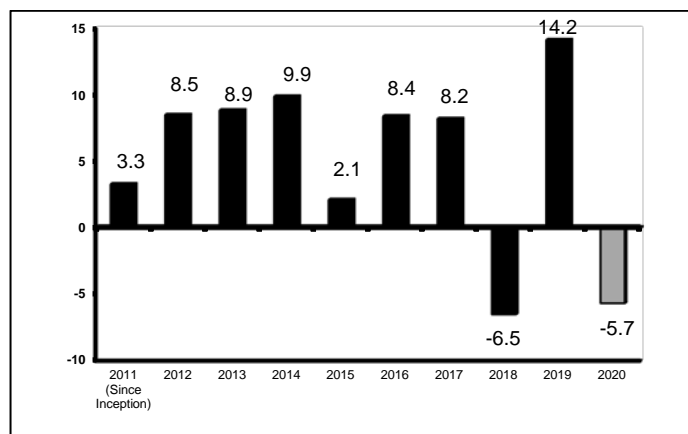
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

The performance information does not take into account sales, redemption, distribution, or other optional charges that would have reduced returns or performance. 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



Annual Returns – Class I Series

Currently Class I units of the Fund are not being offered to purchase.



SUMMARY OF INVESTMENT PORTFOLIO
(Based on Net Asset Value)

As at June 30, 2020

Sector Mix	Percentage of Net Asset Value
Financials	20.84%
Corporate Bonds	17.38%
Consumer Staples	12.11%
Communication Services	7.81%
Information Technology	7.22%
Industrials	6.55%
Canadian Mutual Funds	5.03%
Energy	4.77%
Government Bonds	3.84%
Consumer Discretionary	3.60%
Utilities	2.99%
Short-term Investments	2.55%
Asset-Backed Securities	1.79%
Health Care	1.76%
Net Other Assets	1.76%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
IMAXX Short Term Bond Fund, Class O	5.03%
Royal Bank of Canada	4.36%
Toronto-Dominion Bank	4.17%
National Bank of Canada	3.53%
TELUS Corp.	3.39%
Canadian Utilities Ltd.	2.99%
Bank of Montreal	2.87%
PepsiCo Inc.	2.84%
Mastercard Inc.	2.83%
Metro Inc/CN	2.80%
Accenture PLC	2.57%
Pembina Pipeline Corp.	2.45%
Unilever PLC	2.41%
Rogers Communications Inc.	2.38%
Alimentation Couche-Tard Inc.	2.38%
TC Energy Corp.	2.32%
Canadian National Railway Co.	2.12%
Shaw Communications Inc.	2.03%
Canadian Treasury Bill, 0.20%, September 3, 2020	2.02%
FactSet Research Systems Inc.	2.02%
TJX Cos Inc	1.84%
Constellation Software Inc.	1.82%
Restaurant Brands International Inc.	1.76%
Danaher Corp.	1.76%
CME Group Inc.	1.71%
Total Net Assets (000's)	\$51,867

The top 25 holdings represent approximately 66.40% 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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