

2020

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2020

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

Educators Growth Fund



This annual management report of fund performance contains financial highlights but does not contain the complete 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 Growth Fund (the "Fund") is to provide above-average capital growth over the long term by primarily investing in growth-oriented Canadian companies. The Fund invests primarily in common shares of established Canadian corporations and other equity securities, and non-Canadian securities are generally limited to no more than 25% 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 ending December 31, 2020.

The impact of the coronavirus (*COVID-19*) pandemic on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. This public health crisis and the impact of *COVID-19* on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's future investment results may be materially affected.

Results of Operations

The Fund's net assets decreased by 2.8% to \$94.8 million at the end of December 2020, down from \$97.5 million at the end of December 2019.

Investment Performance

For the year/period ending December 31, 2020 (the 'period'), the Educators Growth Fund – Class A Series provided a return of 0.18% versus the S&P/TSX Composite Total Return Index (the 'Benchmark') return of 5.60%.

The Fund underperformed its Benchmark over the period. Unlike the Benchmark, the Fund's return is net of fees and expenses paid by the Fund. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of the Fund. Detailed performance is provided under the heading "Past Performance" in this report. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

During the 12 months ending December 31, 2020, *COVID-19* captured the headlines as the virus began to spread across the world early in the year and concern of an economic recession weighed on business and consumer spending. As a result, global stock markets declined significantly. After markets reached their low in March 2020, the unprecedented monetary and fiscal policy support began to lift Canadian equities. During the second (*and part of the third*) quarter, a gradual easing of lockdowns brought back some economic activity, which helped to create jobs and improve consumer sentiment. Despite rising *COVID-19* case counts and re-imposed restrictions in the fourth quarter, Canada's employment continued to improve. The Canadian Energy sector posted a double-digit loss in 2020 as a result of the weaker demand for oil. Conversely, the Information Technology sector posted a high double-digit gain, driven by the growth of e-commerce. Despite the volatility throughout the period, Canadian equities, as measured by the S&P/TSX Composite Index, posted a 5.60% gain in 2020.

Both sector allocation and stock selection detracted from relative returns.

From a sector perspective, an overweight allocation in the Information Technology sector added the most value to the Fund's relative performance, followed by an underweight position in Energy. However, this was partially offset by being underweight in Materials and overweight in Health Care.

Stock selection overall was the largest detractor from the Fund's performance, where positions within Information Technology and Industrials weighed on performance. Top individual detractors included positions in Cenovus Energy Inc. and Air Canada, as *COVID-19* had a significant negative impact on air travel. On the other hand, copper mining firm First Quantum Minerals Ltd. and Northland Power Inc. were the top contributors, helping to offset some of the negative performing stocks. First Quantum Minerals gained on higher commodity prices, while Northland Power rallied on strong financial performance.

First Quantum Minerals Ltd. was a new position that was initiated during the period, as the portfolio manager believes it is well-positioned to benefit from the increased price and industrial demand for copper. An existing holding in TFI International Inc. was increased during the period, as the growth of e-commerce has increased demand for its trucking and logistics services.

A position in Air Canada was eliminated from the Fund during the period. Demand for air travel is expected to recover slowly and the prevalence of videoconferencing may permanently impair high-margin business travel. The portfolio manager decreased the Fund's position in CGI Group Inc., as the outlook for information technology outsourcing services has weakened owing to the pandemic (*and the inability of providers to service clients in-person*).

Recent Developments

Looking ahead, the portfolio manager anticipates the deployment of vaccines against COVID-19 over the next few quarters may lead to increased economic activity and a return to normality. They also remain optimistic that there will be opportunities for companies with high-quality growth and strong management.

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 under pressure 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 of 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*).

Another change that was implemented in the Fund over 2020 was an update to the Real Estate sector, specifically REITs. Given the industry trends that were accelerated by the pandemic (*such as e-commerce*), there has been higher demand for warehouse and logistics space at the expense of a significant reduction in retail space. Additionally, with the demonstrated benefits of working from home, many companies are likely to adopt a hybrid in-office/at-home working model, which will reduce long-term demand growth for office space. As a result of these industry trends, the portfolio manager has updated the Real Estate sector within the Fund to ensure that REIT exposure will be characterized by strong future earnings potential, Net Asset Value (NAV) growth; and an ability to grow dividends sustainably.

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, including the potential impact of the COVID-19 pandemic on the Fund and/or its operations.

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 indirect, wholly-owned subsidiary of Bank of Montreal (BMO). 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

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 2.6%.

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> (Dec 31)	<u>2019</u> (Dec 31)
Total Brokerage Fees	\$27,550	\$26,135
Brokerage Fees Paid to BMO Capital Markets	\$3,114	\$3,593

In 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 past five years. Currently Class I units of the Fund are not being offered to purchase by retail investors.

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

	Year ended December 31				
	2020	2019	2018	2017	2016
Net Assets, beginning of year/period	\$24.11	\$20.22	\$23.97	\$23.71	\$20.79
Increase (decrease) from operations:					
Total revenue	\$0.66	\$0.59	\$0.55	\$0.56	\$0.50
Total expenses, including transaction costs [excluding distributions]	(\$0.45)	(\$0.46)	(\$0.46)	(\$0.47)	(\$0.44)
Realized gains (losses) for the period	\$0.33	\$0.63	\$1.03	\$2.28	\$0.71
Unrealized gains (losses) for the period	(\$0.68)	\$3.37	(\$3.80)	(\$0.37)	\$2.21
Total increase (decrease) from operations ⁽²⁾	(\$0.14)	\$4.13	(\$2.68)	\$2.00	\$2.98
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.11	\$0.05	\$--	\$--	\$--
From capital gains	\$--	\$0.09	\$1.00	\$1.69	\$0.07
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.11	\$0.14	\$1.00	\$1.69	\$0.07
Net Assets, end of year/period	\$24.04	\$24.11	\$20.22	\$23.97	\$23.71

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2020	2019	2018	2017	2016
Total Net Asset Value (000's) ⁽⁴⁾	\$76,661	\$83,979	\$78,907	\$95,447	\$87,830
Number of units outstanding ⁽⁴⁾	3,188,777	3,482,624	3,901,914	3,981,738	3,704,213
Management expense ratio ⁽⁵⁾	1.98%	1.97%	1.93%	1.93%	1.93%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.98%	1.98%	1.98%	1.98%	1.98%
Trading expense ratio ⁽⁷⁾	0.03%	0.03%	0.03%	0.04%	0.05%
Portfolio turnover rate ⁽⁸⁾	44.47%	53.47%	44.76%	65.54%	27.81%
Net Asset Value per unit	\$24.04	\$24.11	\$20.22	\$23.97	\$23.71

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

	Year ended December 31		
	2020	2019	2018
Net Assets, beginning of year/period	\$10.21	\$8.50	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.29	\$0.25	\$0.24
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$0.00
Realized gains (losses) for the period	\$0.16	\$0.29	\$0.31
Unrealized gains (losses) for the period	\$0.09	\$1.14	(\$2.21)
Total increase (decrease) from operations ⁽²⁾	\$0.54	\$1.68	(\$1.66)
Distributions:			
From net investment income (excluding dividends)	\$--	\$--	\$--
From dividends	\$0.24	\$0.14	\$--
From capital gains	\$--	\$0.04	\$0.53
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.24	\$0.18	\$0.53
Net Assets, end of year/period	\$10.18	\$10.21	\$8.50

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31		
	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$18,110	\$13,466	\$5,598
Number of units outstanding ⁽⁴⁾	1,778,907	1,318,514	658,596
Management expense ratio ⁽⁵⁾	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	0.03%	0.03%	0.03%
Portfolio turnover rate ⁽⁸⁾	44.47%	53.47%	44.76%
Net Asset Value per unit	\$10.18	\$10.21	\$8.50

(1) This information is derived from the Fund's 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 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 13.7% 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

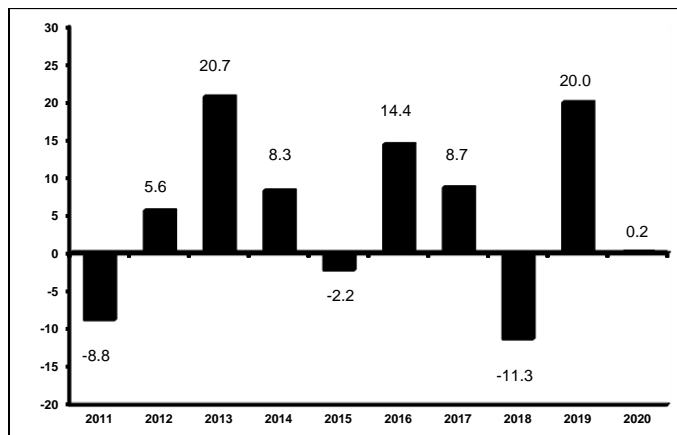
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

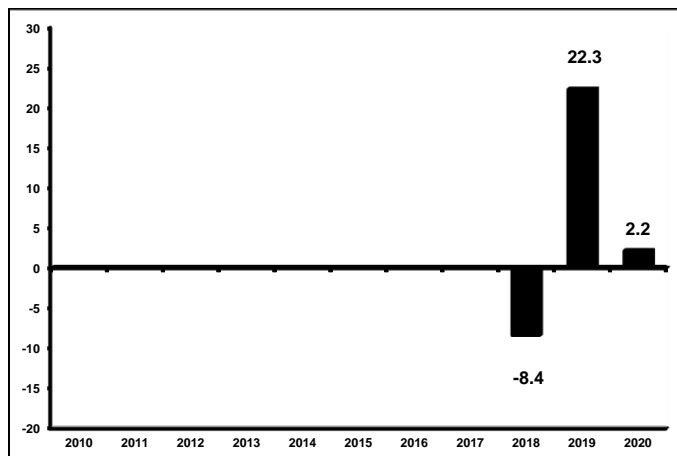
Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown and 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

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund with the performance of the Benchmark index, 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.

Class A Series

	1 Year	3 Year	5 Year	10 Year
Educators Growth Fund	0.18%	2.13%	5.78%	5.01%
S&P/TSX Index	5.60%	5.74%	9.33%	5.76%

Class I Series ⁽¹⁾

	1 Year	3 Year	5 Year	10 Year
Educators Growth Fund	2.20%	NA	NA	NA
S&P/TSX Index	5.60%	5.74%	9.33%	5.76%

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

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)

As at December 31, 2020

Sector Mix	Percentage of Net Asset Value
Financials	26.14%
Materials	12.03%
Energy	11.59%
Industrials	9.77%
Information Technology	9.66%
Consumer Staples	5.79%
Exchange-Traded Fund	5.49%
Real Estate	4.98%
Communication Services	4.44%
Utilities	3.44%
Consumer Discretionary	3.43%
Health Care	1.94%
Short-term Investments	1.69%
Cash and Cash Equivalents	0.01%
Net Other Liabilities	(0.40)%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Royal Bank of Canada	7.13%
Shopify Inc.	5.91%
Canadian Pacific Railway Ltd.	4.01%
Canadian Natural Resources Ltd.	3.94%
BMO S&P 500 Index ETF	3.61%
Constellation Software Inc.	3.49%
Toronto-Dominion Bank	3.08%
Manulife Financial Corp.	3.08%
Bank of Montreal	3.03%
Franco-Nevada Corp.	2.96%
BCE Inc.	2.92%
Northland Power Inc.	2.89%
Sun Life Financial Inc.	2.88%
TFI International Inc.	2.77%
Alimentation Couche-Tard Inc.	2.71%
Enbridge Inc.	2.61%
Canadian Apartment Properties REIT	2.58%
Granite REIT	2.40%
National Bank of Canada	2.31%
TC Energy Corp.	2.21%
Empire Co., Ltd.	2.19%
First Quantum Minerals Ltd.	2.17%
Canadian Imperial Bank of Commerce	2.04%
Parkland Corp.	1.94%
Bausch Health Cos Inc.	1.94%
Total Net Assets (000's)	\$94,772

The top 25 holdings represent approximately 76.80% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at December 31, 2020 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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