

2020

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2020

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

Educators Money Market 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 Money Market Fund (the "Fund") is to produce a high level of interest income consistent with the goal of preserving invested capital. The Fund invests primarily in Canadian government treasury bills and other high quality short-term Canadian corporate debt instruments of not more than one year to maturity, selecting a variety of investment maturities based on the interest rate outlook, analyzing the credit-worthiness of various issuers and achieving a diversified portfolio by allocating investments among government and corporate securities. 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 increased by 31.1% to \$29.9 million at the end of December 2020, up from \$22.8 million at the end of December 2019.

Investment Performance

For the year/period ending December 31, 2020 (the 'period'), the Educators Money Market Fund – Class A Series provided a return of 0.56% versus the FTSE Canada 91 Day Treasury Bill Index (the 'Benchmark') return of 0.86%.

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.

The proportion of corporate and provincial guaranteed securities within the Fund increased during the period, while holdings of federally guaranteed securities decreased. This shift enhanced yield within the portfolio, as overall yields in the market declined. As of December 31, 2020, the Fund held 22.2% 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. Following the acceleration of the *COVID-19* impact and swift government response, markets witnessed an unprecedented flight to the safety of government securities. The Bank of Canada (*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. The U.S. Federal Reserve also eased by 1.50% in two inter-meeting decisions.

The Canadian money market stabilized 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.

During the third quarter, economic activity rebounded as restrictions were loosened following a decrease in the spread of *COVID-19*. The *BoC* kept rates stable and maintained its weekly purchases of \$5 billion in Federal bonds. At the *BoC*'s October meeting, the accompanying statement acknowledged that the slack in the economy caused by the pandemic would probably not be fully absorbed until sometime in 2022. Given the stability in financial markets under current conditions, the *BoC* reduced their weekly bond purchase amount to \$4 billion (*from \$5 billion*) and increased the maturity of the securities they were targeting. In December, *BoC* Governor Macklem disclosed that the monetary

authorities were willing to tolerate an inflation level above 2% for a period of time (*as a means to help restart a still very fragile economy*). No change was announced to the amount of stimulus already in place.

A large proportion of high-quality credit names and Provincial Treasury Holdings drove performance of the Fund over the period, while the Fund's holdings of Government of Canada Treasury Bills provided stability to returns. While returns were strong in January 2020, they were impacted during late February and March as provincial and corporate securities underperformed federal treasury bills. Performance rallied again in the second quarter and the impact of stimulus, lower interest rates, and programs established by the BoC helped bring stability to the short-term market and increased demand for provincial and corporate offerings.

During the third quarter, yields across the spectrum of security types converged toward the benchmark 90-day Canada T-Bills. The spread between a 3-month and 12-month bill shrank significantly, ending the third quarter at 0.08%. There was a similar narrowing in corporate securities.

During the fourth quarter, a new, lower bound in yields was reached across money market investments. The portfolio manager believes that this situation will somewhat reverse itself once the lack of liquidity of the year's end period will be over. The Benchmark yield ended the quarter at 0.09% (*from 0.12%*) on September 30. The corresponding value of the Banker Acceptance market decreased from 0.24% to 0.21%. This overall decrease in yields across the market resulted in a lower yield for the Fund as the period ended. The Fund's significant weight in corporate securities has supported its yield throughout the period.

Recent Developments

The portfolio manager remains focused on high-quality corporate holdings, along with 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. It is their belief that the evolution of the pandemic situation will be the driving element for future Central Bank movements and will influence yields of money market securities in Canada.

The portfolio manager continues to take advantage of yield-enhancing opportunities, as they arise. The Fund will carry on holding a significant weight of commercial paper, bank-sponsored asset-backed commercial paper, and banker's acceptances going forward in order to complement the Fund's holdings of Government of Canada and Provincial treasury bills.

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

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 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 Money Market Fund – Class A Series – Net Assets per Unit ⁽¹⁾

| | Year ended December 31 | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net Assets, beginning of year/period | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | \$0.08 | \$0.18 | \$0.15 | \$0.08 | \$0.06 |
| Total expenses, including transaction costs [excluding distributions] | (\$0.03) | (\$0.06) | (\$0.06) | (\$0.06) | (\$0.05) |
| Realized gains (losses) for the period | \$-- | \$-- | \$-- | \$-- | \$-- |
| Unrealized gains (losses) for the period | \$-- | \$-- | \$-- | \$-- | \$-- |
| Total increase (decrease) from operations ⁽²⁾ | \$0.05 | \$0.12 | \$0.09 | \$0.02 | \$0.01 |
| Distributions: | | | | | |
| From net investment income (excluding dividends) | \$0.05 | \$0.12 | \$0.09 | \$0.02 | \$0.01 |
| From dividends | \$-- | \$-- | \$-- | \$-- | \$-- |
| From capital gains | \$-- | \$-- | \$-- | \$-- | \$-- |
| Return of capital | \$-- | \$-- | \$-- | \$-- | \$-- |
| Total Annual Distributions ⁽³⁾ | \$0.05 | \$0.12 | \$0.09 | \$0.02 | \$0.01 |
| Net Assets, end of year/period | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 |

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⁾ | \$24,620 | \$18,693 | \$15,959 | \$14,624 | \$17,129 |
| Number of units outstanding ⁽⁴⁾ | 2,461,987 | 1,869,288 | 1,595,937 | 1,462,438 | 1,712,916 |
| Management expense ratio ⁽⁵⁾ | 0.31% | 0.62% | 0.59% | 0.58% | 0.53% |
| Management expense ratio before waivers or absorptions ⁽⁶⁾ | 0.59% | 0.62% | 0.62% | 0.62% | 0.61% |
| Trading expense ratio ⁽⁷⁾ | 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 |

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

(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.

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

| | Year ended December 31 | | |
|---|------------------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| Net Assets, beginning of year/period | \$10.00 | \$10.00 | \$10.00 |
| Increase (decrease) from operations: | | | |
| Total revenue | \$0.08 | \$0.21 | \$0.17 |
| Total expenses, including transaction costs [excluding distributions] | \$-- | \$-- | \$0.00 |
| Realized gains (losses) for the period | \$-- | \$-- | \$-- |
| Unrealized gains (losses) for the period | \$-- | \$-- | \$-- |
| Total increase (decrease) from operations ⁽²⁾ | \$0.08 | \$0.21 | \$0.17 |
| Distributions: | | | |
| From net investment income (excluding dividends) | \$0.08 | \$0.18 | \$0.15 |
| From dividends | \$-- | \$-- | \$-- |
| From capital gains | \$-- | \$-- | \$-- |
| Return of capital | \$-- | \$-- | \$-- |
| Total Annual Distributions ⁽³⁾ | \$0.08 | \$0.18 | \$0.15 |
| Net Assets, end of year/period | \$10.00 | \$10.00 | \$10.00 |

Ratios and Supplemental Data (based on Net Asset Value)

| | Year ended December 31 | | |
|---|------------------------|---------|---------|
| | 2020 | 2019 | 2018 |
| Total Net Asset Value (000's) ⁽⁴⁾ | \$5,296 | \$4,089 | \$1,602 |
| Number of units outstanding ⁽⁴⁾ | 529,564 | 408,916 | 160,159 |
| Management expense ratio ⁽⁵⁾ | 0.01% | -- | -- |
| Management expense ratio before waivers or absorptions ⁽⁶⁾ | 0.01% | -- | -- |
| Trading expense ratio ⁽⁷⁾ | N/A | N/A | N/A |
| Net Asset Value per unit | \$10.00 | \$10.00 | \$10.00 |

(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.



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 36.4% of the management fees collected from all Series 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

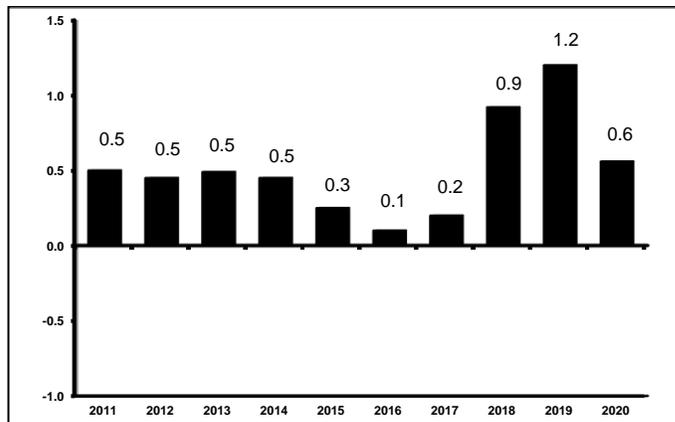
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

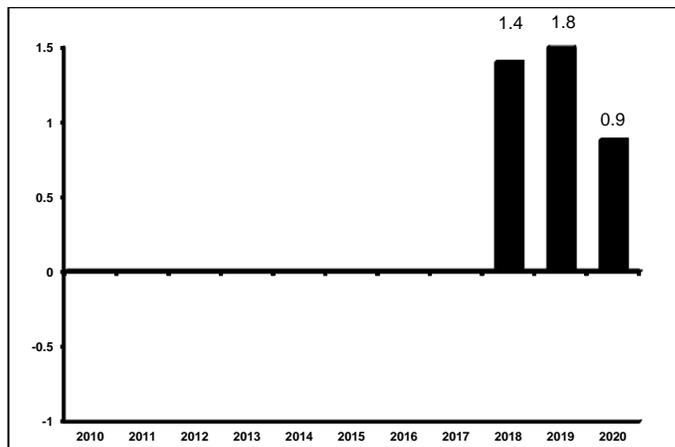
Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown and 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 December 31, 2020

| Sector Mix | Percentage of Net Asset Value |
|---------------------------|-------------------------------|
| Bankers' Acceptances | 46.92% |
| Discount Commercial Paper | 33.34% |
| Government Bonds | 8.68% |
| Treasury Bills | 5.60% |
| Bearer Deposit Notes | 5.60% |
| Net Other Assets | 0.03% |
| Cash and Cash Equivalents | (0.17)% |

Top 25 Holdings

| Security Name | Percentage of Net Asset Value |
|--|-------------------------------|
| Hydro Quebec Interest Strip, August 15, 2021 | 8.68% |
| Canadian Imperial Bank of Commerce, 0.26%, May 25, 2021 | 8.34% |
| PSP Capital Inc., 0.25%, July 2, 2021 | 8.01% |
| Bank of Nova Scotia, 0.22%, January 8, 2021 | 6.95% |
| OMERS Finance Trust, 0.22%, January 19, 2021 | 6.93% |
| Fédération des caisses Desjardins du Québec, 0.21%, January 14, 2021 | 5.60% |
| HSBC Bank Canada, 0.26%, February 1, 2021 | 4.73% |
| Toronto-Dominion Bank, 0.23%, January 18, 2021 | 4.65% |
| Royal Bank of Canada, 0.22%, January 25, 2021 | 4.34% |
| Nestlé Capital Canada Ltd., 0.21%, January 20, 2021 | 4.18% |
| Bank of Montreal, 0.25%, January 22, 2021 | 3.86% |
| Clarity Trust, 0.36%, February 25, 2021 | 3.67% |
| Bank of Montreal, 0.25%, February 3, 2021 | 3.59% |
| Clarity Trust, 0.35%, March 18, 2021 | 3.34% |
| Honda Canada Finance Inc., 0.35%, February 5, 2021 | 3.07% |
| Canadian Treasury Bill, 0.19%, October 14, 2021 | 2.91% |
| Canadian Treasury Bill, 0.07%, April 1, 2021 | 2.69% |
| National Bank of Canada, 0.24%, March 22, 2021 | 2.51% |
| Honda Canada Finance Inc., 0.33%, January 7, 2021 | 2.34% |
| Royal Bank of Canada, 0.24%, February 1, 2021 | 2.20% |
| HSBC Bank Canada, 0.26%, February 3, 2021 | 2.15% |
| Honda Canada Finance Inc., 0.36%, March 1, 2021 | 1.80% |
| National Bank of Canada, 0.26%, January 5, 2021 | 1.39% |
| Hydro Quebec Interest Strip, August 15, 2021 | 1.12% |
| Canadian Imperial Bank of Commerce, 0.26%, May 25, 2021 | 1.09% |

Total Net Assets (000's) \$29,906

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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