

AUDITED ANNUAL FINANCIAL STATEMENTS

EDUCATORS FINANCIAL GROUP INC.



EDUCATORS MONEY MARKET FUND
EDUCATORS MORTGAGE & INCOME FUND
EDUCATORS BOND FUND
EDUCATORS BALANCED FUND
EDUCATORS MONTHLY INCOME FUND
EDUCATORS DIVIDEND FUND
EDUCATORS GROWTH FUND
EDUCATORS U.S. EQUITY FUND
EDUCATORS MONITORED CONSERVATIVE PORTFOLIO
EDUCATORS MONITORED BALANCED PORTFOLIO
EDUCATORS MONITORED GROWTH PORTFOLIO
EDUCATORS MONITORED AGGRESSIVE PORTFOLIO

Dated: December 31, 2021

Educators Financial Group Inc. Funds
Audited Annual Financial Statements

December 31, 2021

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Educators Financial Group Inc. Funds

Notes to the Financial Statements

December 31, 2021 and 2020

8. Financial and Capital risk management (continued)

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (“COVID-19”), a global pandemic. Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Funds, its financial position, and/or its operating results in the future. To date, the COVID-19 pandemic has not had any significant adverse effect on the Funds’ operations.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, interest rate risk and currency risk. The investments of the Funds are subject to normal market fluctuations and the risks inherent of investment in financial markets. The Manager-Trustee moderates this risk through a careful selection of securities within specified limits and the Funds’ market risk is managed through diversification of the investment portfolio. The Manager-Trustee also manages this risk by using four external investment managers to manage the investment portfolios. These investment managers monitor the Funds’ overall market positions on a daily basis and positions are maintained within established ranges. Financial instruments held by each Fund are susceptible to market risk arising from uncertainties about future prices of the instruments.

At December 31, 2021 and 2020, the overall market exposures were as follows:

	Investments		% of Net Assets attributable to holders of redeemable units	
	Fair value \$		%	
	2021	2020	2021	2020
Money Market Fund	27,484,870	29,957,757	98.93	100.14
Mortgage & Income Fund	131,238,845	143,950,266	99.46	99.48
Bond Fund	58,673,354	50,213,410	96.61	99.23
Balanced Fund	297,499,749	261,531,819	100.27	99.88
Monthly Income Fund	60,123,889	52,713,464	98.66	99.06
Dividend Fund	203,514,009	153,698,457	99.65	99.53
Growth Fund	113,179,400	95,141,798	99.93	100.39
U.S. Equity Fund	123,761,226	118,876,980	99.92	99.91
Monitored Conservative Portfolio	84,092,091	53,981,015	99.79	99.95
Monitored Balanced Portfolio	62,418,306	49,076,125	99.74	99.91
Monitored Growth Portfolio	17,480,390	14,211,288	99.79	99.78
Monitored Aggressive Portfolio	4,591,082	2,817,919	99.83	99.61

(i) Other price risk

At December 31, 2021 and 2020, the Funds’ market risk is affected by two main components: changes in actual equity prices for equity securities/derivatives and changes in interest rates for debt securities. As at December 31, 2021 and 2020, if the following indexes had increased (decreased) by 1%, using historical correlation between the return of the Funds’ investments as compared to the return of the Funds’ benchmark index, with all other variables held constant, this would have approximately increased (decreased) the net assets as follows:

