

2022

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2022

Offered by Educators Financial Group
Portfolio Manager: Beutel, Goodman & Company Ltd., Toronto, Ontario

Educators Bond 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.

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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Risk

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 10.9% to \$54.1 million at the end of June 2022, down from \$60.7 million at the end of December 2021.

Investment Performance

For the year/period ending June 30, 2022 (the 'period'), the Educators Bond Fund – Class A Series provided a negative return of 13.36% versus the FTSE Canada Universe Bond Index (the 'Benchmark') return of negative 12.23%.

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. 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 Benchmark returns.

Volatility has been a recurring theme in markets for some time now. During the period, the major themes were *COVID* case counts cooling, Russia launching a multi-front invasion of Ukraine, and nearly all central banks aggressively hiking interest rates in an attempt to curb high inflation. Investors found few places to hide as yields rose across the curve, particularly in the short end; spreads widened; and risk assets ranging from cryptocurrencies to credit declined.

The unprecedented fiscal and monetary policy stimulus provided during the pandemic was a means to bridge economies over the deep economic effects from the imposition of lockdowns. By most measures, the U.S. economy, while slowing from post-lockdown peaks, is still growing, with personal consumption growing by 1.8% in Q1/2022 and the unemployment rate hovering at 3.6% in June. In Canada, the unemployment rate has come down a bit more slowly given the longer lockdowns but was still at multi-decade lows of 4.9% in June, a decline from 5.1% in May and 5.2% in April. Canada also recorded annual GDP growth in the first quarter that was above potential, expanding 2.9%. In May, the strength in these economies, coupled with continued supply-chain issues and strong consumer demand, drove inflation in the U.S. and Canada to 40-year highs of 8.6% and 7.7%, respectively.

The Fund's short duration positioning relative to the Benchmark contributed to performance in a rising bond yield environment. Currently, the Fund is neutral-to-fractionally long duration relative to the Benchmark. Sector allocation detracted from performance as the Fund was overweight in corporate bonds amid a widening of spreads. The Fund's exposure to the Financials sector was the main source of weakness in corporate security selection. Security selection in government bonds also detracted value during the period as resource-rich provincials where the Fund had less exposure outperformed.

The portfolio management team (the team) employs macroeconomic analysis, rigorous bottom-up credit research along with proprietary risk-management tools to search for opportunities where the market has mispriced risk and reward. As a by-product of the team's investment process, market performance, and general management activity, changes that occurred in the Fund's portfolio during the reporting period included a decreased weighting in investment grade and high-yield corporate bonds, particularly in cyclical sectors. This reflected the team's view to shift to a more defensive positioning and weightings in provincial government bonds decreased, while weightings in federal government bonds increased.

Recent Developments

The events of the past two-plus years have created a perfect storm for inflation. In addition to an uptick in excess savings due to constraints on consumption during *COVID* lockdowns, a significant level of pent-up demand was unleashed on unprepared businesses once the world started opening back up. This increase in demand was met with insufficient supply due to logistics issues and external shocks such as Russia's invasion of Ukraine.

Central banks have realized that the persistence of inflation has begun to affect consumer sentiment. Nearly all central banks around the world seem to agree about the need to tighten monetary policy through rate hikes and other measures in order to rein-in increasing levels of inflation. While they cannot directly affect food and energy prices, or supply issues caused by supply-chain disruptions (or the war in Ukraine), in the portfolio manager's view, they need to seek to slow consumer discretionary spending as much as possible. Going forward, such central bank actions will most likely lead to lower inflation. However, slowing down demand could also potentially lead to a recession.

Central banks and markets are waking up to the reality that you cannot inject endless amounts of cash into the system while maintaining interest rates at the zero bound and letting demand continue unconstrained in an environment of limited supply and expect everything to work out. For the last decade and beyond, there's been little consequence to easing monetary and fiscal policy; but at some point, there is always a reckoning. We may now be at that point with inflation and in the portfolio manager's

view; central banks have no choice but to fight it—no matter what the cost to the economy.

The good news is that this comes at a time when the consumer is in relatively good shape, with savings rates relatively high and unemployment at multi-decade lows. In the event of a recession, however, the portfolio manager believes we can most likely weather the storm. Whether consumers actually see it that way, when they watch household wealth begin to erode as housing prices and other assets correct, remains to be seen.

Related Party Transactions

In the first six months of 2022 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 the past five years. Currently Class I units of the Fund are not being offered to purchase by retail investors.

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

	Six months ended June 30		Year ended December 31			
	2022	2021	2020	2019	2018	2017
Net Assets, beginning of year/period	\$10.24	\$10.64	\$10.14	\$9.75	\$9.84	\$9.82
Increase (decrease) from operations:						
Total revenue	\$0.15	\$0.32	\$0.34	\$0.28	\$0.28	\$0.23
Total expenses, including transaction costs [excluding distributions]	(\$0.06)	(\$0.13)	(\$0.13)	(\$0.13)	(\$0.12)	(\$0.12)
Realized gains (losses) for the period	(\$0.19)	\$--	\$0.40	\$0.23	(\$0.15)	(\$0.37)
Unrealized gains (losses) for the period	(\$1.29)	(\$0.46)	\$0.32	\$0.06	\$0.01	\$0.40
Total increase (decrease) from operations ⁽²⁾	(\$1.39)	(\$0.27)	\$0.93	\$0.44	\$0.02	\$0.14
Distributions:						
From net investment income (excluding dividends)	\$0.10	\$0.17	\$0.21	\$0.14	\$0.13	\$0.10
From dividends	\$--	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$0.02	\$0.26	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$0.02
Total Annual Distributions ⁽³⁾	\$0.10	\$0.19	\$0.47	\$0.14	\$0.13	\$0.12
Net Assets, end of year/period	\$8.77	\$10.24	\$10.64	\$10.14	\$9.75	\$9.84

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30		Year ended December 31			
	2022	2021	2020	2019	2018	2017
Total Net Asset Value (000's) ⁽⁴⁾	\$7,676	\$11,823	\$15,951	\$9,233	\$6,880	\$8,953
Number of units outstanding ⁽⁴⁾	874,798	1,154,946	1,498,675	910,353	705,316	909,935
Management expense ratio ⁽⁵⁾	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Trading expense ratio ⁽⁷⁾	--	--	--	--	--	--
Portfolio turnover rate ⁽⁸⁾	38.32%	129.98%	200.45%	130.70%	199.01%	123.27%
Net Asset Value per unit	\$8.77	\$10.24	\$10.64	\$10.14	\$9.75	\$9.84



EDUCATORS BOND FUND

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

	Six months ended June 30	Year ended December 31			
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.49	\$10.92	\$10.39	\$9.96	\$10.00
Increase (decrease) from operations:					
Total revenue	\$0.16	\$0.32	\$0.35	\$0.29	\$0.28
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--	\$--	\$--
Realized gains (losses) for the period	(\$0.21)	(\$0.01)	\$0.41	\$0.21	(\$0.04)
Unrealized gains (losses) for the period	(\$1.28)	(\$0.32)	\$0.35	\$0.01	\$0.12
Total increase (decrease) from operations ⁽²⁾	(\$1.33)	(\$0.01)	\$1.11	\$0.51	\$0.36
Distributions:					
From net investment income (excluding dividends)	\$0.17	\$0.32	\$0.34	\$0.26	\$0.26
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$0.02	\$0.27	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.17	\$0.34	\$0.61	\$0.26	\$0.26
Net Assets, end of year/period	\$8.98	\$10.49	\$10.92	\$10.39	\$9.96

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31			
	2022	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$45,592	\$48,289	\$34,651	\$24,219	\$8,848
Number of units outstanding ⁽⁴⁾	5,074,819	4,601,941	3,173,583	2,329,983	888,105
Management expense ratio ⁽⁵⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	--	--	--	--	--
Portfolio turnover rate ⁽⁸⁾	38.32%	129.98%	200.45%	130.70%	199.01%
Net Asset Value per unit	\$8.98	\$10.49	\$10.92	\$10.39	\$9.96



EDUCATORS BOND FUND

Educators Bond Fund – Class F Series – Net Assets per Unit ⁽¹⁾

	Six months ended June 30 2022	Year ended December 31 2021
Net Assets, beginning of year/period	\$9.88	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.15	\$0.08
Total expenses, including transaction costs [excluding distributions]	(\$0.02)	(\$0.01)
Realized gains (losses) for the period	(\$0.20)	(\$0.01)
Unrealized gains (losses) for the period	(\$1.17)	\$0.11
Total increase (decrease) from operations ⁽²⁾	(\$1.24)	\$0.17
Distributions:		
From net investment income (excluding dividends)	\$0.14	\$0.13
From dividends	\$--	\$--
From capital gains	\$--	\$0.01
Return of capital	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.14	\$0.14
Net Assets, end of year/period	\$8.45	\$9.88

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30 2022	Year ended December 31 2021
Total Net Asset Value (000's) ⁽⁴⁾	\$816	\$619
Number of units outstanding ⁽⁴⁾	96,561	62,729
Management expense ratio ⁽⁵⁾	0.51%	0.51%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.51%	0.51%
Trading expense ratio ⁽⁷⁾	--	--
Portfolio turnover rate ⁽⁸⁾	38.32%	129.98%
Net Asset Value per unit	\$8.45	\$9.88

⁽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 and 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 1.10% for the Class A Series and 0.45% for the Class F Series. The Class I Series are identical in all respects 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 105.7% of the total 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

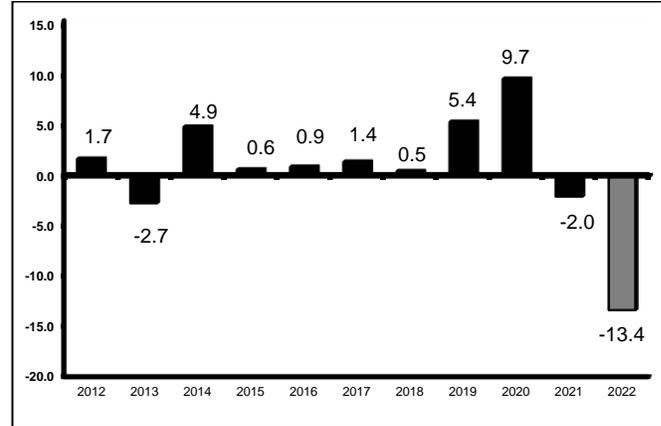
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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.

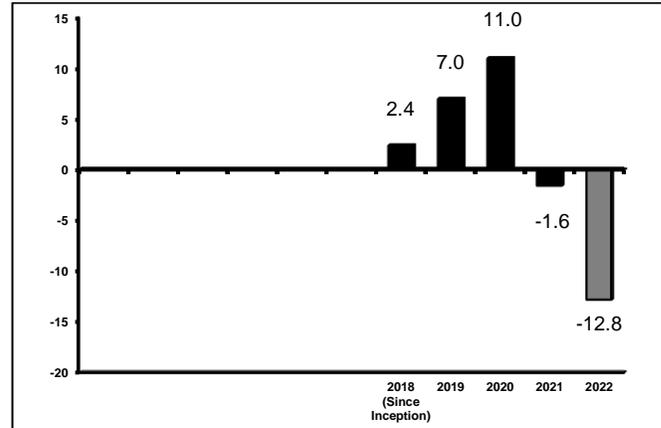
Year-by-Year Returns

The bar chart shows the Fund's annual performance 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.

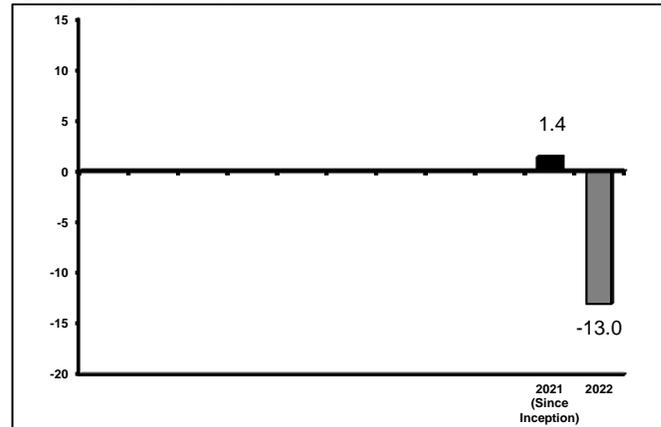
Annual Returns – Class A Series



Annual Returns – Class I Series ⁽¹⁾



Annual Returns – Class F Series ⁽²⁾



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

(2) The Class F Series commenced operation May 14, 2021

■ % Increase/decrease ■ For the six-month period ended June 30, 2022

SUMMARY OF INVESTMENT PORTFOLIO

(Based on Net Asset Value)

As at June 30, 2022

Sector Mix	Percentage of Net Asset Value
Corporate Bonds	55.14 %
Government Bonds	38.61 %
Short-term investments	2.35 %
Asset-Backed Securities	1.09 %
Cash and Cash Equivalents	2.37 %
Net Other Assets	0.44 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Canadian Government Bond, 1.50%, December 1, 2031	5.06 %
Province of Ontario, 4.97%, December 2, 2051	4.97 %
Canadian Government Bond, 2.00%, December 1, 2051	4.85 %
Canadian Government Bond, 2.00%, June 1, 2032	3.31 %
Province of Alberta, 2.05%, June 1, 2030	2.95 %
Canadian Imperial Bank of Commerce, 1.96%, April 21, 2031	2.84 %
Province of Ontario, 2.15%, June 2, 2031	2.73 %
TransCanada Pipelines Ltd., 7.90%, April 15, 2027	2.20 %
Canadian Treasury Bill, 1.44%, July 21, 2022	2.08 %
Royal Bank of Canada, 4.50%, November 24, 2080	2.04 %
Province of Quebec, 3.50%, December 1, 2045	2.00 %
Enbridge Gas Inc., 7.60%, October 29, 2026	1.86 %
Province of Ontario, 3.75%, June 2, 2032	1.66 %
Air Canada, 4.63%, August 15, 2029	1.62 %
Province of Ontario, 3.45%, June 2, 2045	1.55 %
Royal Bank of Canada, 4.00%, February 24, 2081	1.47 %
Rogers Communications Inc., 5.25, March 15, 2082	1.46 %
Algonquin Power Co., 2.85%, July 15, 2031	1.46 %
Province of Alberta, 3.10%, June 1, 2050	1.42 %
New Economy Assets Phase 1 Sponsor LLC, 1.91%, October 20, 2061	1.41 %
Royal Bank of Canada, 3.37%, September 29, 2025	1.37 %
Province of Quebec, 3.50%, December 1, 2048	1.33 %
BOC Aviation USA Corp., 1.63%, April 29, 2024	1.33 %
Inter Pipeline Ltd., 2.73%, April 18, 2024	1.31 %
Air Lease Corp., 2.63%, December 5, 2024	1.30 %
Total Net Assets (000's)	\$54,084

The top 25 holdings represent approximately 55.58% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2022 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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