

2022

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2022

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

Educators Dividend 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 8.5% to \$186.9 million at the end of June 2022, down from \$204.2 million at the end of December 2021.

Investment Performance

For the year/period ending June 30, 2022 (the 'period'), the Educators Dividend Fund – Class A Series provided a negative return of 10.16% versus the S&P/TSX 60 Index (the 'Benchmark') return of negative 9.61%.

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.

During the Period, most equity markets declined, Canada included. Nevertheless, Canada's resource-heavy equity market outperformed most of its peers as the Russia-Ukraine conflict drove energy prices dramatically higher. Investors were also concerned about struggling consumers and a weakening housing market. Energy was only the sector to post a meaningful gain over the Period, while Health Care was the weakest-performing sector.

An overweight allocation to the Utilities and Industrials sectors contributed to the Fund's performance. Stock selection in the Information Technology, Health Care, and Real Estate sectors also contributed to performance.

Top individual contributors to performance during the Period included Microsoft Corp., Visa Inc., and Texas Instruments Inc. Microsoft Corp. outperformed, driven by its Azure cloud business and a sustainable business model; while Visa benefited from inflation and consumers spending more on high-margin cross-border experiences. Texas Instruments Inc. posted strong operating results and higher visibility thanks to its growth platform.

The Fund's underweight position in the Energy sector detracted from performance. An overweight allocation in the areas of Real Estate,

Health Care, and Technology was also a detractor, as were stock selections in the Energy, Materials, and Communication Services sectors.

The top individual detractors from performance included WSP Global Inc., a high-growth company affected by rising interest rates. JPMorgan Chase & Co. underperformed largely as a result of a US \$14 billion investment in technology. The amount far exceeded investments from competitors, which surprised many analysts. Walt Disney Co. experienced share price weakness following softer subscription trends from its Disney+ streaming service.

The portfolio manager initiated new positions in Fastenal Co., TMX Group Inc., Telus Corp., and Costco Wholesale Corp. Fastenal Co. is a large distributor of industrial tools and supplies in the U.S. The company's motto of "Growth through Customer Service" encapsulates its unique business model of using scale to integrate deeper into their customer's supply chain, providing value beyond the supply of goods. Inflation, global and domestic supply-chain disruptions, and geopolitical tension also provide opportunities for growth.

TMX Group offered market presence and attractive valuation. Network effects and switching costs are part of the company's distinct competitive advantage, which have led to an oligopoly or monopoly status across all business segments.

Telus Corp. is Canada's second-largest telecommunications company. The portfolio manager believes its wireless network sharing agreement with BCE Inc., along with a decade-long fibre optic investment program across its west coast footprint, are competitive advantages.

Costco Wholesale Corp. operates 830 membership-only big box retail stores across 12 countries, with most revenue generated in the U.S. and Canada. Its unique retail business model offers competitive prices for customers, which drives demand and sales. Customers are required to purchase a membership for US \$60-120, resulting in a high-margin business line.

The portfolio manager eliminated the position in Manulife Financial Corp. to deploy capital in more attractive risk-return opportunities. The portfolio manager exited the position in Walt Disney Co., which has not communicated a timeline on reinstating its dividend, following a pandemic-related discontinuation. The position in Rogers Communications Inc. was eliminated and replaced with Telus Corp. The portfolio manager believes governance issues reduced protection for shareholders.

Recent Developments

The performance of Canadian equities in the second quarter of 2022 contrasted distinctly with the first. Inflationary pressure, pandemic-related risks, the Russia-Ukraine conflict, and aggressive monetary tightening actions from central banks led to market volatility and elevated investors' concerns.

The portfolio manager believes investors are waiting for uncertainty to subside before increasing risk appetite. That said, the significant decline in global equity markets during the Period created opportunities to selectively invest in high-quality businesses at lower valuations. Dividend growth strategies tend to do well in a more volatile, lower-return environment and have proven to be resilient when interest rates and inflation rise.

The Fund's strategy continues to be anchored to investing in what the portfolio manager believes to be high-quality, sustainable businesses with safe and growing dividend streams. The portfolio manager's focus is on businesses built to last, given their strong competitive advantages, attractive returns on capital, and smart capital allocation—which work to provide the best offense and defense through the business cycle. Companies with these attributes have the flexibility to be opportunistic and are typically well positioned to create value for stakeholders as the pandemic's impact subsides.

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 3.76% and at the end of the period was approximately 3.38%.

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>2022</u> <u>(Jun 30)</u>	<u>2021</u> <u>(Jun 30)</u>
<i>Total Brokerage Fees</i>	\$29,201	\$4,918
<i>Brokerage Fees Paid to BMO Capital Markets</i>	\$1,524	\$2,670

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.



EDUCATORS DIVIDEND 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 Dividend 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	\$40.35	\$32.77	\$32.70	\$26.38	\$28.74	\$25.86
Increase (decrease) from operations:						
Total revenue	\$0.51	\$0.98	\$0.94	\$0.85	\$0.79	\$0.73
Total expenses, including transaction costs [excluding distributions]	(\$0.37)	(\$0.69)	(\$0.57)	(\$0.57)	(\$0.51)	(\$0.49)
Realized gains (losses) for the period	\$0.30	\$0.69	(\$0.20)	\$0.89	\$0.44	\$0.74
Unrealized gains (losses) for the period	(\$4.55)	\$6.71	(\$0.06)	\$5.35	(\$2.95)	\$1.99
Total increase (decrease) from operations ⁽²⁾	(\$4.11)	\$7.69	\$0.11	\$6.52	(\$2.23)	\$2.97
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.14	\$0.12	\$0.28	\$0.17	\$0.14	\$0.08
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.14	\$0.12	\$0.28	\$0.17	\$0.14	\$0.08
Net Assets, end of year/period	\$36.11	\$40.35	\$32.77	\$32.70	\$26.38	\$28.74

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⁾	\$165,877	\$183,480	\$146,103	\$151,109	\$125,811	\$135,781
Number of units outstanding ⁽⁴⁾	4,593,063	4,547,148	4,458,520	4,621,623	4,770,089	4,725,267
Management expense ratio ⁽⁵⁾	1.81%	1.81%	1.81%	1.80%	1.73%	1.73%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.81%	1.81%	1.81%	1.81%	1.81%	1.81%
Trading expense ratio ⁽⁷⁾	0.02%	0.01%	0.02%	0.02%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	5.93%	4.11%	9.41%	9.99%	14.49%	12.77%
Net Asset Value per unit	\$36.11	\$40.35	\$32.77	\$32.70	\$26.38	\$28.74



EDUCATORS DIVIDEND FUND

Educators Dividend 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	\$14.15	\$11.44	\$11.42	\$9.20	\$10.00
Increase (decrease) from operations:					
Total revenue	\$0.18	\$0.34	\$0.33	\$0.30	\$0.28
Total expenses, including transaction costs [excluding distributions]	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Realized gains (losses) for the period	\$0.11	\$0.23	(\$0.09)	\$0.41	\$0.11
Unrealized gains (losses) for the period	(\$1.60)	\$2.36	\$0.40	\$1.44	(\$1.41)
Total increase (decrease) from operations ⁽²⁾	(\$1.32)	\$2.92	\$0.63	\$2.14	(\$1.03)

Distributions:

From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.17	\$0.22	\$0.30	\$0.25	\$0.20
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.17	\$0.22	\$0.30	\$0.25	\$0.20
Net Assets, end of year/period	\$12.65	\$14.15	\$11.44	\$11.42	\$9.20

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⁾	\$11,989	\$13,244	\$8,326	\$6,069	\$2,022
Number of units outstanding ⁽⁴⁾	947,425	935,810	727,804	531,550	219,663
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⁾	0.02%	0.01%	0.02%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	5.93%	4.11%	9.41%	9.99%	14.49%
Net Asset Value per unit	\$12.65	\$14.15	\$11.44	\$11.42	\$9.20

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

	Six months ended June 30	Year ended December 31
	2022	2021
Net Assets, beginning of year/period	\$10.75	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.14	\$0.13
Total expenses, including transaction costs [excluding distributions]	(\$0.04)	(\$0.04)
Realized gains (losses) for the period	\$0.07	(\$0.01)
Unrealized gains (losses) for the period	(\$1.31)	\$0.88
Total increase (decrease) from operations ⁽²⁾	(\$1.14)	\$0.96

Distributions:

From net investment income (excluding dividends)	\$--	\$--
From dividends	\$0.10	\$0.05
From capital gains	\$--	\$--
Return of capital	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.10	\$0.05
Net Assets, end of year/period	\$9.61	\$10.75

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31
	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$9,035	\$7,495
Number of units outstanding ⁽⁴⁾	939,809	696,955
Management expense ratio ⁽⁵⁾	0.80%	0.79%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.80%	0.79%
Trading expense ratio ⁽⁷⁾	0.02%	0.01%
Portfolio turnover rate ⁽⁸⁾	5.93%	4.11%
Net Asset Value per unit	\$9.61	\$10.75

⁽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 1.60% for the Class A Series and 0.70% for the Class F 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 13.8% 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

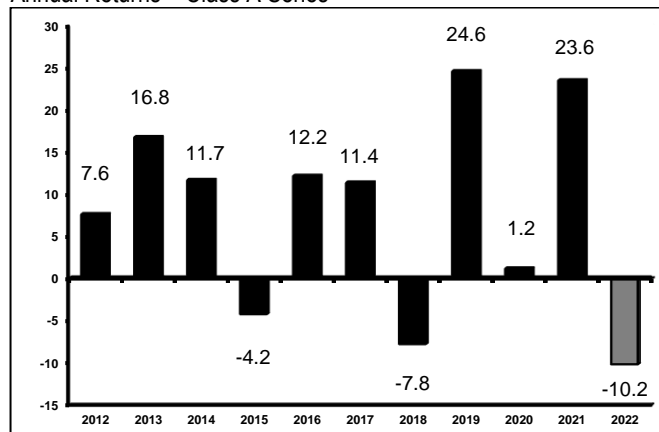
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

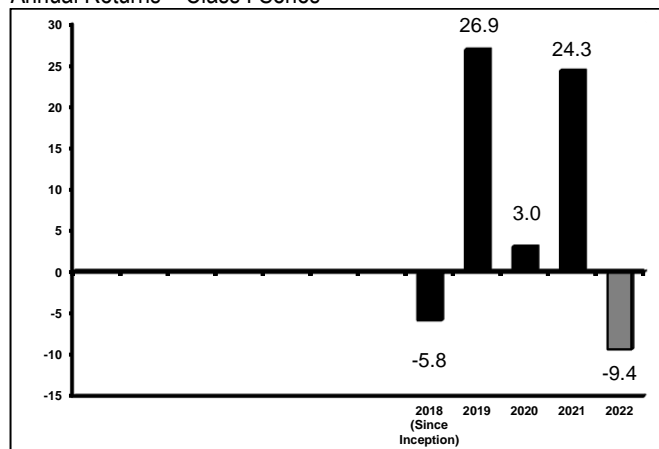
Year-by-Year Returns

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

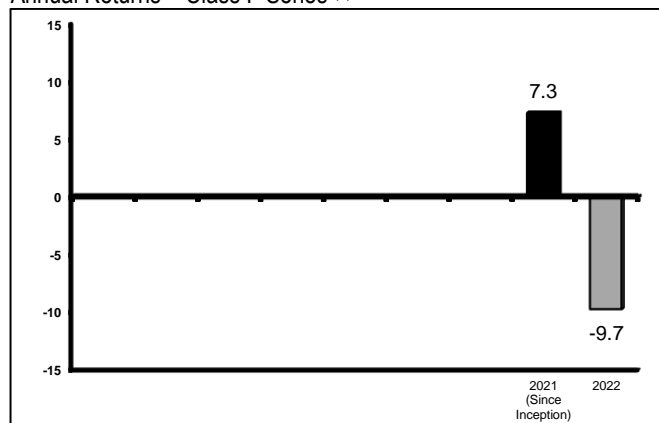
Annual Returns – Class A Series



Annual Returns – Class I Series ⁽¹⁾



Annual Returns – Class F Series ⁽²⁾



(1) The Class I Series commenced operations 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

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.

Sector Mix	Percentage of Net Asset Value
Financials	37.58 %
Industrials	12.43 %
Utilities	11.04 %
Information Technology	9.18 %
Energy	8.36 %
Real Estate	5.45 %
Short-term investments	3.58 %
Consumer Staples	3.46 %
Consumer Discretionary	3.19 %
Materials	2.54 %
Communication Services	2.42 %
Health Care	1.15 %
Cash and Cash Equivalents	0.07 %
Net Other Liabilities	(0.45) %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Royal Bank of Canada	7.80 %
Toronto-Dominion Bank	6.94 %
Brookfield Asset Management Inc.	4.87 %
Bank of Nova Scotia	4.75 %
Brookfield Infrastructure Partners LP	3.91 %
Microsoft Corp.	3.85 %
Bank of Montreal	3.38 %
Intact Financial Corp.	3.33 %
Enbridge Inc.	3.22 %
TC Energy Corp.	3.14 %
Waste Connections Inc.	2.54 %
TELUS Corp.	2.42 %
Algonquin Power & Utilities Corp.	2.22 %
Canadian Pacific Railway Ltd.	2.11 %
Visa Inc.	2.08 %
Canadian National Railway Co.	2.01 %
Pembina Pipeline Corp.	2.00 %
Northland Power Inc.	1.90 %
Thomson Reuters Corp.	1.88 %
JPMorgan Chase & Co.	1.83 %
Texas Instruments Inc.	1.82 %
Dollarama Inc.	1.77 %
WSP Global Inc.	1.77 %
Prologis Inc.	1.71 %
TMX Group Ltd.	1.68 %

Total Net Assets (000's) \$186,901

The top 25 holdings represent approximately 74.93% of the total net assets of the Fund.

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