

2023

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2023

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, including international conflicts, 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 any potential lingering 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

Results of Operations

The Fund's net assets increased by 3.9% to \$192.4 million at the end of June 2023, up from \$185.1 million at the end of December 2022.

Investment Performance

For the year/period ending June 30, 2023 (*the period*), the Educators Dividend Fund – Class A Series provided a return of 5.52% versus the S&P/TSX 60 Index (the Benchmark) return of 5.72%.

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, Canadian equity markets finished higher as Canada's economy revealed its relative resiliency despite tight financial conditions. The Canadian consumer was a key driver of economic growth. However, there were periods of volatility resulting from waning global economic conditions, uneven growth and lower oil prices. The Bank of Canada (BoC) has raised interest rates by 50 basis points since the beginning of 2023, with the reference rate now sitting at 4.75%. The S&P/TSX Composite Dividend Index posted a gain but underperformed the broader S&P/TSX Composite Index. With interest rates expected to remain higher for longer, dividend-paying stocks became slightly less attractive to investors, weighing on relative performance. Information Technology and Consumer Discretionary were the best-performing sectors, while Energy was the weakest.

The Fund's overweight position in the Real Estate sector and underweight positions in the Energy and Materials sectors contributed to performance. Increasing concerns about the global economy weighed on the outlook for individual commodities.

Individual contributors to the Fund's performance included Microsoft Corp., which climbed in response to investor enthusiasm for artificial intelligence (AI) and the company's ability to infuse AI into its leading software platform. Thomson Reuters Corp. gained on solid business execution, the partial monetization of its London Stock Exchange Group PLC (LSEG) asset and the new AI partnership with Microsoft Corp. Brookfield Infrastructure Partners also contributed to performance due to the progress it made with its capital recycling strategy, value-adding acquisitions and solid results amid market uncertainty.

The Fund's overweight allocation to the Financials sector detracted from performance, because the sector was affected by higher interest rates and financial regulations. Security selection within the Information Technology sector also detracted from performance. The top individual detractors from performance included Northland

Power Inc., which experienced rising project costs and lower investment returns associated with its development program. Toronto-Dominion Bank faced pressure following rising cost challenges and the termination of the First Horizon Corp. deal. Pembina Pipeline Corp. underperformed despite a dividend increase and a growing backlog of projects.

During the Period, the portfolio manager initiated a new position in UnitedHealth Group Inc., a leading healthcare services company well-positioned to capitalize on its mission-critical service offerings, scale over its peers and ability to generate free cash flow. Canadian Natural Resources was added to the Fund, reflecting its high-quality oil portfolio, steady operational execution, consistent capital allocation strategy and above-average dividend growth.

The Fund's holdings in Canadian Pacific Kansas City Ltd. and Waste Connections Inc. were increased to reflect the portfolio manager's growing conviction in their thesis and attractive valuations.

The position in Constellation Brands Inc. was sold due to concerns over its core beer franchise and poor capital allocation decisions. The position in Allied Properties REIT was sold, given the lack of visibility in fundamentals for office properties. The Fund's position in CCL Industries Inc. was eliminated, given its inability to drive the growth necessary to support the valuation.

Holdings in TJX Companies Inc., TC Energy Corp., Bank of Nova Scotia and Microsoft Corp. were sold for portfolio risk management and overly optimistic valuations relative to other opportunities within the portfolio, in the portfolio manager's view.

Recent Developments

The resilience of the underlying economic landscape and the determination by central bankers to lower inflation to their target ranges prompted equity market sentiment to dip as investors lowered hopes of central bank cuts later in the year. The extent of the potential damage to the economy from the policy tightening over the past year remains unclear. Although the end of the rate tightening policy is likely near, balancing price and financial stability will continue to challenge central bankers. Although some equity markets have gained in 2023, more clarity will be needed regarding the paths of inflation, interest rates, credit, and earnings before a sustainable rising market for stocks can be established.

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.



EDUCATORS DIVIDEND 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 3.58% and at the end of the period was approximately 3.19%.

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>2023</u> (June 30)	<u>2022</u> (June 30)
<i>Total Brokerage Fees</i>	\$17,491	\$29,201
<i>Brokerage Fees Paid to BMO Capital Markets</i>	\$1,120	\$1,524

In the first six months of 2023 Educators Financial Group did not refer any conflict of interest matters to the Fund's Independent Review Committee (*the 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 for 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				
	2023	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$36.14	\$40.35	\$32.77	\$32.70	\$26.38	\$28.74
Increase (decrease) from operations:						
Total revenue	\$0.63	\$1.01	\$0.98	\$0.94	\$0.85	\$0.79
Total expenses, including transaction costs [excluding distributions]	(\$0.35)	(\$0.71)	(\$0.69)	(\$0.57)	(\$0.57)	(\$0.51)
Realized gains (losses) for the period	\$0.17	\$0.09	\$0.69	(\$0.20)	\$0.89	\$0.44
Unrealized gains (losses) for the period	\$1.54	(\$4.43)	\$6.71	(\$0.06)	\$5.35	(\$2.95)
Total increase (decrease) from operations ⁽²⁾	\$1.99	(\$4.04)	\$7.69	\$0.11	\$6.52	(\$2.23)
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.29	\$0.16	\$0.12	\$0.28	\$0.17	\$0.14
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.29	\$0.16	\$0.12	\$0.28	\$0.17	\$0.14
Net Assets, end of year/period	\$37.85	\$36.14	\$40.35	\$32.77	\$32.70	\$26.38

Ratios and Supplemental Data (based on Net Asset Value)

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$169,419	\$163,962	\$183,480	\$146,103	\$151,109	\$125,811
Number of units outstanding ⁽⁴⁾	4,476,556	4,537,010	4,547,148	4,458,520	4,621,623	4,770,089
Management expense ratio ⁽⁵⁾	1.81%	1.81%	1.81%	1.81%	1.80%	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%	0.01%	0.02%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	6.40%	7.30%	4.11%	9.41%	9.99%	14.49%
Net Asset Value per unit	\$37.85	\$36.14	\$40.35	\$32.77	\$32.70	\$26.38



EDUCATORS DIVIDEND FUND

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

	Six-months ended June 30	Year ended December 31				
	2023	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$12.66	\$14.15	\$11.44	\$11.42	\$9.20	\$10.00
Increase (decrease) from operations:						
Total revenue	\$0.22	\$0.36	\$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)	(\$0.01)
Realized gains (losses) for the period	\$0.06	\$0.03	\$0.23	(\$0.09)	\$0.41	\$0.11
Unrealized gains (losses) for the period	\$0.57	(\$1.56)	\$2.36	\$0.40	\$1.44	(\$1.41)
Total increase (decrease) from operations ⁽²⁾	\$0.84	(\$1.18)	\$2.92	\$0.63	\$2.14	(\$1.03)

Distributions:

From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.22	\$0.30	\$0.22	\$0.30	\$0.25	\$0.20
From capital gains	\$--	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.22	\$0.30	\$0.22	\$0.30	\$0.25	\$0.20
Net Assets, end of year/period	\$13.26	\$12.66	\$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				
	2023	2022	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$11,912	\$11,481	\$13,244	\$8,326	\$6,069	\$2,022
Number of units outstanding ⁽⁴⁾	898,545	906,899	935,810	727,804	531,550	219,663
Management expense ratio ⁽⁵⁾	0.01%	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%	0.01%
Trading expense ratio ⁽⁷⁾	0.02%	0.01%	0.01%	0.02%	0.02%	0.02%
Portfolio turnover rate ⁽⁸⁾	6.40%	7.30%	4.11%	9.41%	9.99%	14.49%
Net Asset Value per unit	\$13.26	\$12.66	\$14.15	\$11.44	\$11.42	\$9.20



EDUCATORS DIVIDEND FUND

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

	Six-months ended June 30	Year ended December 31	
	2023	2022	2021
Net Assets, beginning of year/period	\$9.62	\$10.75	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.17	\$0.27	\$0.13
Total expenses, including transaction costs [excluding distributions]	(\$0.04)	(\$0.09)	(\$0.04)
Realized gains (losses) for the period	\$0.05	\$0.01	(\$0.01)
Unrealized gains (losses) for the period	\$0.41	(\$1.21)	\$0.88
Total increase (decrease) from operations ⁽²⁾	\$0.59	(\$1.02)	\$0.96
Distributions:			
From net investment income (excluding dividends)	\$--	\$--	\$--
From dividends	\$0.13	\$0.15	\$0.05
From capital gains	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.13	\$0.15	\$0.05
Net Assets, end of year/period	\$10.07	\$9.62	\$10.75

Ratios and Supplemental Data (based on Net Asset Value)

	Six-months ended June 30	Year ended December 31	
	2023	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$11,018	\$9,683	\$7,495
Number of units outstanding ⁽⁴⁾	1,094,463	1,006,959	696,955
Management expense ratio ⁽⁵⁾	0.80%	0.80%	0.79%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.80%	0.80%	0.79%
Trading expense ratio ⁽⁷⁾	0.02%	0.01%	0.01%
Portfolio turnover rate ⁽⁸⁾	6.40%	7.30%	4.11%
Net Asset Value per unit	\$10.07	\$9.62	\$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 or 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.



EDUCATORS DIVIDEND 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 14.8% of the total management fees collected from all Series excluding Class I Series, approximately 13.9% of the total management fees collected, 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

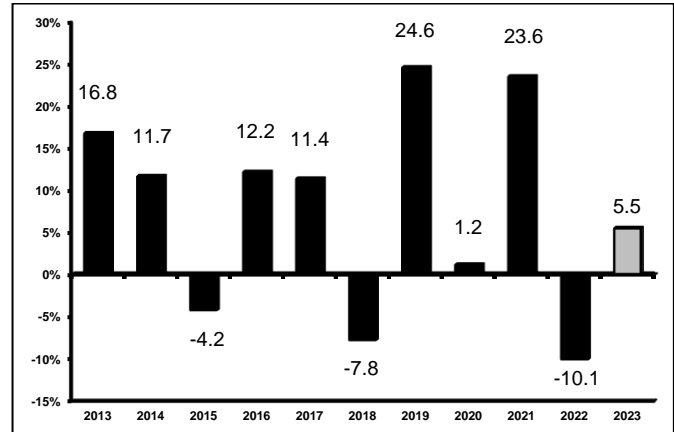
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

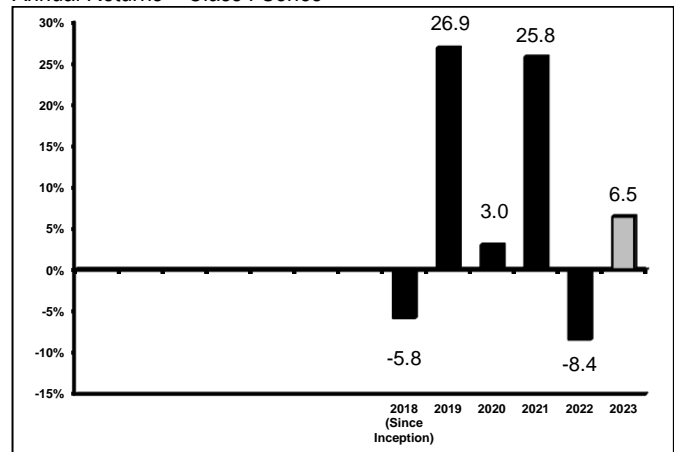
Year-by-Year Returns

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.

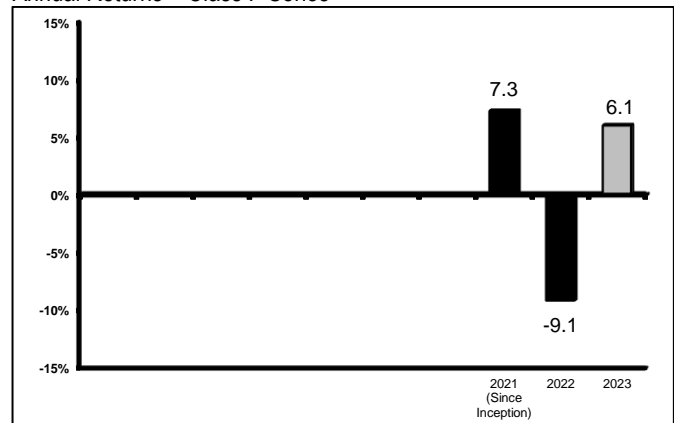
Annual Returns – Class A Series



Annual Returns – Class I Series ⁽¹⁾



Annual Returns – Class F Series ⁽²⁾



■ % Increase/decrease □ For the six-month period ended June 30, 2023

⁽¹⁾ The Class I Series commenced operations January 4, 2018
⁽²⁾ The Class F Series commenced operation May 14, 2021



EDUCATORS DIVIDEND FUND

SUMMARY OF INVESTMENT PORTFOLIO
(Based on Net Asset Value)
 As at June 30, 2023

The summary of investment portfolio of the Fund is as at June 30, 2023 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

Sector Mix	Percentage of Net Asset Value
Financials	37.02 %
Industrials	13.27 %
Information Technology	11.76 %
Energy	9.00 %
Utilities	8.02 %
Real Estate	4.30 %
Consumer Discretionary	3.66 %
Communication Services	3.06 %
Consumer Staples	3.03 %
Health Care	2.80 %
Short-term investments	2.08 %
Materials	1.34 %
Net Other Assets (Liabilities)	0.63 %
Cash and Cash Equivalents	0.03 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Canadian Natural Resources Ltd.	7.69 %
Canadian Apartment Properties Real Estate Investment Trust	6.56 %
Canadian National Railway Co.	3.74 %
Bank of Nova Scotia	3.69 %
Visa Inc.	3.65 %
Pembina Pipeline Corp.	3.65 %
Royal Bank of Canada	3.46 %
Fastenal Co.	3.38 %
Bank of Montreal	3.32 %
TMX Group Ltd.	3.17 %
TELUS Corp.	3.06 %
Killam Apartment Real Estate Investment Trust	2.87 %
Brookfield Corp.	2.83 %
Dollarama Inc.	2.35 %
Northland Power Inc.	2.29 %
S&P Global Inc.	2.22 %
TC Energy Corp.	2.17 %
Air Products and Chemicals Inc.	2.13 %
Element Fleet Management Corp.	2.08 %
Fortis Inc.	2.07 %
Prologis Inc.	2.03 %
Motorola Solutions Inc.	2.00 %
Canadian Pacific Kansas City Ltd.	1.85 %
Toronto-Dominion Bank	1.78 %
UnitedHealth Group Inc.	1.77 %
Total Net Assets (000's)	\$192,348

The top 25 holdings represent approximately 75.81% of the total net assets of the Fund.

EDUCATORS FINANCIAL GROUP

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