

# 2024

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2024

Offered by Educators Financial Group  
Portfolio Adviser: Genus Capital Management Inc., Vancouver, BC

**Educators BrighterFuture Global Equity Fund™**





This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or the 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](http://www.educatorsfinancialgroup.ca) or SEDAR+ at [www.sedarplus.com](http://www.sedarplus.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

### Investment Objectives and Strategies

The investment objective of the Educators BrighterFuture Global Equity Fund™ (*the "Fund"*) is to achieve moderate growth by investing primarily in a globally diversified portfolio of equity securities of companies that meet the ESG and impact related investment standards established for the Fund. 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. Since inception of the Fund no changes affecting the overall level of risk of investing in the Fund were made to the Fund as at June 30, 2024.

### Results of Operations

#### Investment Performance

Class A and Class I units of the Educators BrighterFuture Global Equity Fund™ were launched on January 17, 2024. Due to policies issued by the Canadian Securities Administrators, investment performance data is not reported for funds in existence for less than one year. The Fund's benchmark is comprised of 19% S&P/TSX Composite Index and 81% MSCI World Total Return Index.

Unlike the Benchmark, the Fund's return is net of fees and expenses paid by the Fund. Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in Benchmark returns.

During the first quarter of 2024, equity markets experienced strong performance, continuing to reflect last year's peak in interest rates and subsequent cuts. In CAD terms, the MSCI World Index, S&P 500, and TSX rose by 11.9%, 13.5%, and 6.6%, respectively. This robust performance, driven primarily by U.S. stocks, was bolstered by ongoing advancements in AI and moderate economic data, which raised market expectations for a potential Fed rate cut in the near future. Unlike the previous year (*where outperformance was dominated by the 'Magnificent Seven'*), this quarter saw a more diverse range of leading stocks. Momentum-investing emerged as the clear winner, with investors favoring high-momentum, high-quality stocks across the board.

The equity markets ended the second quarter on a high note after a dip in April; supported by a rebound and continued strength in technology and AI stocks. In CAD terms, the MSCI World Index and S&P 500 increased by 3.9% and 5.5%, respectively, while the TSX saw a slight decline of 0.5%. Globally, the rebound in the latter half of the quarter was led by the IT and Communication sectors, with AI-related stocks maintaining their leadership. In contrast, more economically sensitive sectors, such as Real Estate, Materials, and Industrials, lagged behind.

The Fund continues to invest most of its assets in sustainable and impactful securities. As such, the Fund excluded some industries and companies engaged in certain activities, such as those related to thermal coal, oil and gas, tobacco, weapons, gambling, and adult entertainment. The Fund has also excluded companies that are involved in Indigenous controversies, misaligned with UNSDGs related to reducing inequalities and gender equality, or severe biodiversity degradation based on a proprietary ESG rating system, irrespective of industry. Additionally, the Fund incorporates positive impact considerations when making investment decisions, scoring firms based on a proprietary Net Impact Score.

During the performance period, the Fund did not own any companies that derived more than 10% of their revenue from the extraction, processing and/or transportation of fossil fuels. The Fund did not invest in companies that derived more than 10% of their revenue from weapons, tobacco, alcohol, gambling, and adult entertainment. The Fund also did not own any companies that were highly carbon intensive where their carbon intensity exceeded 600 tonnes of carbon emissions per US\$ 1million of sales. As of June 30, 2024, the carbon intensity of the Fund was 30 tonnes per US\$ 1million of sales, whereas the benchmark recorded a carbon intensity of 124 tonnes per US\$ 1mm of sales. The Fund also attained an ESG rating, based on third party data providers such as MSCI ESG Research, that is higher than CCC (laggard). As of June 30, 2024, the Fund has an ESG score of 7.7, which is equivalent to an ESG rating of AA, whereas the benchmark has an ESG score of 7.0, equivalent to an ESG rating of A.

Furthermore, the Fund did not own any companies that were involved in severe or widespread controversies related to ESG factors. For example, any companies that were involved in severe or widespread controversies in the environment, labour, product, community, and governance matters were excluded. Controversy rankings are either severe, moderate, minor, or nil or very minor, based on MSCI ESG Research. Controversy rankings are determined by looking at how impactful and widespread a situation is, what role the company has in the event, and whether it is ongoing or concluded. The Fund does not invest in companies that are involved in a severe controversy or multiple moderate or minor controversies. During the performance period, the Fund also did not own any companies that are involved in severe or high level of conflicts with Indigenous communities. Conflicts are ranked on a numeric scale, with higher scores representing more severe conflicts. Companies that have a score higher than average, representing the worst performing companies, are excluded.

For generating positive impact as part of the Fund's positive screening strategy, as of June 30, 2024, the Fund had a net positive impact of 25.2%, while the benchmark had a net positive

impact of 2.3%. Within the Fund, impact is measured by revenue exposures of the companies that can be attributed to one or more of the 17 United Nations Sustainable Development Goals. The Fund invests to maintain at the minimum net positive impact of 20% with no negative impact. Furthermore, the Fund did not own any companies that were assessed as mis-aligned with promoting UN SDGs #5 – Gender Equality and UN SDG #10 - Reduced Inequalities, per UN SDG alignment assessment provided by third-party data provider such as MSCI ESG Research.

During the performance period, the Portfolio Adviser exercised voting rights associated with the companies in the Fund and voted on proxies based on the Portfolio Adviser's proxy voting policies and guidelines that are designed, in part, to improve the performance of portfolio companies on ESG issues, in a manner that is consistent with supporting the development of strong corporate governance and responsible business conduct. During the first quarter, 113 proposals were voted, 100% of the proposals were management proposals, all of them were related to governance issues, where 44 of them were related to director elections, 9 of them were related to say-on-pay, and 6 of them were related to auditor ratification. 54% of the votes were voted consistent with management recommendations. During the second quarter, 1,039 proposals were voted, in which 989 of them were management proposals on governance matters including director elections, say-on-pay, and auditor ratification. There were 50 shareholder proposals that were voted on, with 11 of them were environment and climate related proposals, 27 of them were related to social issues, and 12 of them on governance matters. 76% of these shareholder proposals were voted contrary to management recommendations. The Portfolio Adviser also sought to engage companies in the Fund's portfolio with the goal of improving company performance on issues related to the environment, community, labour force and governance. During the performance period, for example, engagement dialogues and progress were made with TD Bank with regard to their sustainable finance policy. Engagement dialogues were also held with West Fraser Timber on the company's climate action plans.

### Recent Developments

In early June, central banks in Canada and Europe lowered their interest rates in response to decreasing inflation and a slowing global economy. In the U.S., falling inflation supports the case for potential Federal Reserve rate cuts in the latter half of 2024. This scenario suggests a 'Goldilocks' economy, where inflation stabilizes near the 2.00% target, labour markets and consumers remain resilient—and the economy continues to grow slowly, indicating a potential soft landing.

The Purchasing Managers' Index (*PMI*) for both services and manufacturing ended Q2 in contractionary territory, below the consensus expectation. The service sector, expected to remain expansionary, was sluggish due to employment and new orders

falling below 50 (*contractionary territory*). U.S. consumer confidence also declined to its lowest levels in two years, despite a robust labour market. However, rising unemployment in the second half of the year could further impact confidence.

The AI sector, led by Nvidia, remained prominent in Q2, with strong performances from Broadcom, Arista Networks, Qualcomm, and Dell Technologies. Solid stock picks in IT contributed to the Fund's continued outperformance. Conversely, expectations of delayed Federal Reserve rate cuts amid sticky inflation weakened economically sensitive sectors like Energy and Materials, and higher borrowing costs impacted homebuilders. The Fund trimmed weaker names in these areas to realize gains, favouring large-cap, high-momentum, high-quality stocks with a slightly lower-than-market beta.

As we approach the second half of the year, the portfolio adviser is monitoring several key topics: potential economic slowdown, the durability of the AI sector's growth, and the impact of the upcoming U.S. presidential election. The Fund's strategy involves being slightly overweight in growth stocks with solid fundamentals, while maintaining neutral positions in cyclical and defensive sectors. Given the expected gradual decline in inflation, the Fund will remain overweight in gold stocks. Geographically, the Fund favors the U.S., followed by the EAFE region, and remains underweight in Canada due to weaknesses in domestic Energy and Financials sectors.

With respect to the Fund investment strategies including the Fund's positive and negative screening, proxy voting and engagement strategies, there were no changes for the performance period.

### Related Party Transactions

In the first six months of 2024 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.



**FINANCIAL HIGHLIGHTS**

As the Fund has recently been created no Financial Highlights are provided in this document. Financial Highlights will be provided in our next management report of fund performance ("MRFP") which will cover the Fund for the financial year ended December 31, 2024.

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. Currently Class I units of the Fund and not being offered to purchase by retail investors.

**Educators BrighterFuture Global Equity Fund™ – Class A Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30 2024	Year ended December 31
Net Assets, beginning of year/period	\$10.00	
<b>Increase (decrease) from operations:</b>		
Total revenue	\$0.14	
Total expenses, including transaction costs [excluding distributions]	(\$0.13)	
Realized gains (losses) for the period	(\$0.01)	
Unrealized gains (losses) for the period	\$0.94	
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.94</b>	
<b>Distributions:</b>		
From net investment income (excluding dividends)	\$0.04	
From dividends	\$0.01	
From capital gains	\$--	
Return of capital	\$--	
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.05</b>	
<b>Net Assets, end of year/period</b>	<b>\$11.03</b>	

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30 2024	Year ended December 31
Total Net Asset Value (000's) <sup>(4)</sup>	\$1,031	
Number of units outstanding <sup>(4)</sup>	94,437	
Management expense ratio <sup>(5)</sup>	2.26%	
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.26%	
Trading expense ratio <sup>(7)</sup>	0.36%	
Portfolio turnover rate <sup>(8)</sup>	54.00%	
Net Asset Value per unit	\$11.03	



**Educators BrighterFuture Global Equity Fund™ – Class I Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30 2024	Year ended December 31
Net Assets, beginning of year/period	\$10.00	
<b>Increase (decrease) from operations:</b>		
Total revenue	\$0.16	
Total expenses, including transaction costs [excluding distributions]	\$0.03	
Realized gains (losses) for the period	(\$0.13)	
Unrealized gains (losses) for the period	\$0.86	
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.92</b>	
<b>Distributions:</b>		
From net investment income (excluding dividends)	\$0.07	
From dividends	\$0.02	
From capital gains	\$--	
Return of capital	\$--	
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.09</b>	
<b>Net Assets, end of year/period</b>	<b>\$11.25</b>	

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30 2024	Year ended December 31
Total Net Asset Value (000's) <sup>(4)</sup>	\$2	
Number of units outstanding <sup>(4)</sup>	155	
Management expense ratio <sup>(5)</sup>	--%	
Management expense ratio before waivers or absorptions <sup>(6)</sup>	--%	
Trading expense ratio <sup>(7)</sup>	0.36%	
Portfolio turnover rate <sup>(8)</sup>	54.00%	
Net Asset Value per unit	\$11.25	



EDUCATORS BRIGHTERFUTURE GLOBAL EQUITY FUND™

**Educators BrighterFuture Global Equity Fund™ – Class F Series – Net Assets per Unit <sup>(1)</sup>**

	Six-months ended June 30 2024	Year ended December 31
Net Assets, beginning of year/period	\$10.00	
<b>Increase (decrease) from operations:</b>		
Total revenue	\$0.13	
Total expenses, including transaction costs [excluding distributions]	(\$0.09)	
Realized gains (losses) for the period	\$0.06	
Unrealized gains (losses) for the period	\$1.06	
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	\$1.16	
<b>Distributions:</b>		
From net investment income (excluding dividends)	\$0.04	
From dividends	\$0.01	
From capital gains	\$--	
Return of capital	\$--	
<b>Total Annual Distributions <sup>(3)</sup></b>	\$0.05	
<b>Net Assets, end of year/period</b>	\$11.10	

**Ratios and Supplemental Data (based on Net Asset Value)**

	Six-months ended June 30 2024	Year ended December 31
Total Net Asset Value (000's) <sup>(4)</sup>	\$5,594	
Number of units outstanding <sup>(4)</sup>	504,089	
Management expense ratio <sup>(5)</sup>	1.08%	
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.08%	
Trading expense ratio <sup>(7)</sup>	0.36%	
Portfolio turnover rate <sup>(8)</sup>	54.00%	
Net Asset Value per unit	\$11.10	

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund.

<sup>(4)</sup> This information is provided as at June 30 of the year shown.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> 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.

<sup>(8)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser 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 adviser, 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 2.00% for the Class A Series and 0.95% 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 0% of the total management fees collected from all Series (excluding Class I Series approximately 0% of the total management fees collected), 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

Regulatory restrictions limit publishing performance for investment funds with a history of less than one year.

### SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)

As at June 30, 2024

Sector Mix	Percentage of Net Asset Value
Information Technology	25.41 %
Financials	15.23 %
Industrials	12.89 %
Health Care	12.76 %
Consumer Discretionary	9.05 %
Materials	7.96 %
Consumer Staples	7.29 %
Communication Services	4.54 %
Real Estate	2.85 %
Utilities	0.49
Net Other Assets (Liabilities)	1.43 %
Cash and Cash Equivalents	0.10 %

### Top 25 Holdings

Security Name	Percentage of Net Asset Value
NVIDIA Corp	5.10 %
Sprouts Farmers Market Inc.	3.71 %
Edwards Lifesciences Corp	3.07 %
Acuity Brands Inc.	3.04 %
Merck & Co. Inc.	2.76 %
Novo Nordisk A/S	2.48 %
Celestica Inc.	2.13 %
Steel Dynamics Inc.	1.98 %
The Toronto-Dominion Bank	1.84 %
Dollarama Inc.	1.81 %
Constellation Software Inc.	1.78 %
Broadcom Inc.	1.66 %
Azbil Corp.	1.61 %
Pearson Plc.	1.60 %
Intuitive Surgical Inc.	1.56 %
Quebecor Inc.	1.52 %
SBI Holdings Inc.	1.44 %
Alexandria Real Estate Equities Inc.	1.42 %
Colgate-Palmolive Co.	1.40 %
Svenska Cellulosa AB	1.38 %
Aena SME SA	1.37 %
Dexcom Inc.	1.36 %
Alamos Gold Inc.	1.33 %
NN Group NV	1.33 %
Industria de Diseno Textil SA	1.30 %
<b>Total Net Assets (000's)</b>	<b>\$6,627</b>

The top 25 holdings represent approximately 49.98% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2024 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.