

2024

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024

Offered by Educators Financial Group
Portfolio Adviser: Fiera Capital Inc., Toronto, Ontario

Educators Monthly Income Fund



This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the 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 interim financial report, 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.

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 Objective and Strategies

The investment objective of the Educators Monthly Income Fund (the "Fund") is to provide a consistent stream of monthly income and some capital appreciation by investing in a portfolio of fixed income, investment trust units and equity investments. A minimum of 6% and a maximum of 60% of the portfolio will be invested in fixed income securities, while a minimum of 40% and a maximum of 94% of the portfolio will be invested in Canadian equity securities. Non-Canadian securities are generally limited to no more than 30% of the Fund's net assets. Foreign currency exposure may or may not be hedged. 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. No changes affecting the overall level of risk of investing in the Fund were made to the Fund in the one-year period ending December 31, 2024.

Results of Operations

The Fund's net assets increased by 35.3% to \$88.9 million at the end of December 2024, up from \$65.7 million at the end of December 2023.

Investment Performance

For the year/period ending December 31, 2024 (*the period*), the Educators Monthly Income Fund – Class A Series provided a return of 13.94%, versus a Benchmark return of 16.26%. The Benchmark comprises 70% S&P/TSX Composite Total Return Index, 27% FTSE Canada Bond Universe Index and 3% FTSE Canada 91 Day Treasury Bill Index (the Benchmark).

The Fund underperformed its blended 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.

After the highest inflation since the 1980s in the post-pandemic period, the pace of rising prices slowed down considerably in 2024. Facing a global economy with anemic growth, many central banks moved to accommodative monetary policy midway through the year. U.S. equities again led the way globally in terms of returns, boosted by the performance of the Magnificent 7 (*Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia, and Tesla*). Despite certain volatility over the course of the year, including mixed market reaction to the U.S. election results in the fourth quarter, overall performance in the Canadian equity market was also very strong in 2024.

While inflation has more recently tempered, coming in line with the Bank of Canada's (*BoC*) target range at the end of 2024, Canada's tepid growth, rising unemployment, and a more restrictive

immigration policy has provided the *BoC* leeway to cut its policy rate with a view to stimulating the economy. By year-end, the *BoC* had cut rates by a total of 1.75%—leaving the overnight rate at 3.25%. However, the *BoC* has indicated it is ready to slow down the pace of monetary easing if the economy evolves according to its forecast. This was interpreted by the market as signaling the end of the big 0.50% interest rate cuts and that a pause in reductions may occur.

For fixed income markets, the decrease yields for shorter maturities have begun to result in a more normally-sloped yield curve, with the yield on 10-year bonds above those for 2-year bonds, thus compensating bond holders for holding bonds with longer maturities. Within corporate bonds, credit spreads tightened throughout 2024 and enhanced performance, as corporate balance sheets remained strong.

The Fund recorded a strong absolute return, but underperformed its benchmark during the period. The equity portfolio of the Fund focuses on common stocks and bonds issued by high-quality companies which are held for the long-term. This can lead to underperformance in periods where market rallies are very pronounced as the Fund participates, but not to the full extent of the Benchmark.

The equity portfolio enhanced performance on an absolute basis, but underperformed the S&P/TSX Composite over the period. The portfolio adviser has focused on high-quality companies within the portfolio, which are held for the long-term. This can lead to underperformance in periods where market rallies are very pronounced as the portfolio participates, but not to the full extent of the Benchmark. Security selection in the Financials, Information Technology, and Industrials sectors detracted from relative performance. Within the Financials sector, the Fund underperformed, as it does not hold several companies that benefit from decreasing interest rates. These included Brookfield Corporation and Manulife Financial. The portfolio adviser favours companies that are less sensitive to interest rate moves, believing they perform better over the long-term.

Additionally, the Fund's holding of U.S. company Factset performed positively, but not as strongly as the sector overall. This was somewhat offset by the Fund's holdings in TMX Group, National Bank, and insurers Industrial Alliance and Intact. Within the Information Technology sector, the Fund's holdings of Constellation Software, CGI, and Accenture contributed positively. However, they were outweighed by the impact of not holding Shopify Inc., which returned 48% over the period. Finally, the Fund's overweight position in Industrials and high-conviction holdings such as Canadian Pacific Kansas City Limited, CN Railway, and Toromont detracted. Performance in these securities was negative due to concerns around the impact of tariffs following the U.S. election.

The Fixed Income portfolio outperformed its Benchmark during the period, with the Financial and Securitization sectors the most significant contributors for the year. These sectors have benefitted from the continued strength of the Canadian consumer in the face of high interest rates—with the insurance sub-sector contributing notably. Additionally, as both the Financials and Securitization sectors are primarily comprised of higher-risk premium securities with shorter maturities, they have benefitted from the steady spread compression and the decrease in yields in the shorter-end.

The Fund's allocation to equities and fixed income decreased during the Period and the allocation to cash and equivalents increased. The Fund's holdings in equities decreased from 66.4% to 63.5%, composed of a 47.2% exposure to Canadian equity and an 16.3% exposure to foreign equity. The portfolio adviser reduced equities, as they view an increased probability of heightened inflation following the US election, making the risk-return profile of stocks less attractive. The fixed income allocation ended the period at 17.9%, down from its weight of 19.3% at the beginning of the year. Additionally, during the first three quarters of the year, the fixed income allocation included exposure to short-term Canadian fixed income. As interest rates have decreased, this allocation was no longer as attractive, so it was sold during the fourth quarter. The Fund ended the period with an allocation of 17.7% in cash and equivalents, up from 14.3%—as assets were reallocated from other asset classes. The asset allocation positioning versus the Benchmark detracted from relative performance during the period.

Recent Developments

The global economy proved resilient in 2024, despite ongoing concerns that the aggressive rate-hiking cycle of 2022 and 2023 could result in slow or even negative growth in some regions. A moderation in inflation gave central banks justification to begin reducing their policy rates, which has provided greater optimism that the economy can avoid recession and grow modestly in the next few years.

Following the U.S. election in November, markets have been patiently assessing the new U.S. administration and its implications for global trade around tariffs and/or other measures that may be enacted, including the newly established Department of Government Efficiency (DOGE), aimed to address the country's escalating debt by streamlining government operations and cutting wasteful expenditures. Such events may jeopardize Canada's near-term economy and force the BoC to act more swiftly and significantly in cutting interest rates to temper these effects. However, fixed income yields remain significantly above the lows seen in the early part of this decade. Notwithstanding any surprises, central banks are likely to continue their easing cycles, but at a less aggressive pace.

Within the equity portfolio, the portfolio adviser has focused particularly on the effect tariffs will have on companies (*held in the Fund*) that ship across borders, along with the potential impact upon

inflation. In analyzing the Fund's holdings and any potential additions to the portfolio in the current environment, heightened importance is being placed on the location of product and service delivery and company pricing power. No significant changes have been made to the Fund's portfolio thus far in 2025 and the portfolio adviser will continue to focus on attractively valued businesses, with high-quality balance sheets, and can either tolerate or pass along higher input costs, including potential tariffs.

Related Party Transactions

In 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.



EDUCATORS MONTHLY INCOME 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 past five years. Currently Class I units of the Fund are not being offered to purchase.

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

	Year ended December 31				
	2024	2023	2022	2021	2020
Net Assets, beginning of year/period	\$9.38	\$9.17	\$10.20	\$9.30	\$9.74
Increase (decrease) from operations:					
Total revenue	\$0.28	\$0.30	\$0.27	\$0.27	\$0.29
Total expenses, including transaction costs [excluding distributions]	(\$0.13)	(\$0.13)	(\$0.13)	(\$0.13)	(\$0.13)
Realized gains (losses) for the period	\$0.35	(\$0.08)	\$0.13	\$0.28	(\$0.04)
Unrealized gains (losses) for the period	\$0.76	\$0.72	(\$0.70)	\$1.08	(\$0.04)
Total increase (decrease) from operations ⁽²⁾	\$1.26	\$0.81	(\$0.43)	\$1.50	\$0.08
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.60	\$0.60	\$0.14	\$0.12	\$0.15
From capital gains	\$--	\$--	\$0.11	\$--	\$0.02
Return of capital	\$--	\$--	\$0.35	\$0.48	\$0.43
Total Annual Distributions ⁽³⁾	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
Net Assets, end of year/period	\$10.06	\$9.38	\$9.17	\$10.20	\$9.30

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2024	2023	2022	2021	2020
Total Net Asset Value (000's) ⁽⁴⁾	\$82,454	\$61,483	\$57,070	\$59,185	\$53,215
Number of units outstanding ⁽⁴⁾	8,198,795	6,551,306	6,224,925	5,799,608	5,721,925
Management expense ratio ⁽⁵⁾	1.30%	1.30%	1.31%	1.31%	1.31%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.30%	1.30%	1.31%	1.31%	1.31%
Trading expense ratio ⁽⁷⁾	0.01%	0.01%	0.01%	0.01%	0.02%
Portfolio turnover rate ⁽⁸⁾	29.57%	26.15%	23.22%	27.14%	46.75%
Net Asset Value per unit	\$10.06	\$9.38	\$9.17	\$10.20	\$9.30

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

	Year ended December 31			
	2024	2023	2022	2021
Net Assets, beginning of year/period	\$9.36	\$9.09	\$10.06	\$10.00
Increase (decrease) from operations:				
Total revenue	\$0.28	\$0.31	\$0.27	\$0.10
Total expenses, including transaction costs [excluding distributions]	(\$0.07)	(\$0.06)	(\$0.07)	(\$0.02)
Realized gains (losses) for the period	\$0.38	(\$0.09)	\$0.15	\$0.01
Unrealized gains (losses) for the period	\$0.76	\$0.74	(\$0.56)	\$0.72
Total increase (decrease) from operations ⁽²⁾	\$1.35	\$0.90	(\$0.21)	\$0.81
Distributions:				
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--
From dividends	\$0.60	\$0.60	\$0.14	\$0.06
From capital gains	\$--	\$--	\$0.11	\$--
Return of capital	\$--	\$--	\$0.35	\$0.24
Total Annual Distributions ⁽³⁾	\$0.60	\$0.60	\$0.60	\$0.30
Net Assets, end of year/period	\$10.10	\$9.36	\$9.09	\$10.06

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31			
	2024	2023	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$6,440	\$4,189	\$2,862	\$1,756
Number of units outstanding ⁽⁴⁾	637,342	447,338	314,875	174,594
Management expense ratio ⁽⁵⁾	0.63%	0.63%	0.63%	0.62%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.63%	0.63%	0.63%	0.62%
Trading expense ratio ⁽⁷⁾	0.01%	0.01%	0.01%	0.01%
Portfolio turnover rate ⁽⁸⁾	29.57%	26.15%	23.22%	27.14%
Net Asset Value per unit	\$10.10	\$9.36	\$9.09	\$10.06

⁽¹⁾ This information is derived from the Fund's 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 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 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 1.15% for the Class A Series and 0.55% for the Class F Series.

The Fund is responsible for paying any applicable tax owing on its management fee.

Approximately 15.4% 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

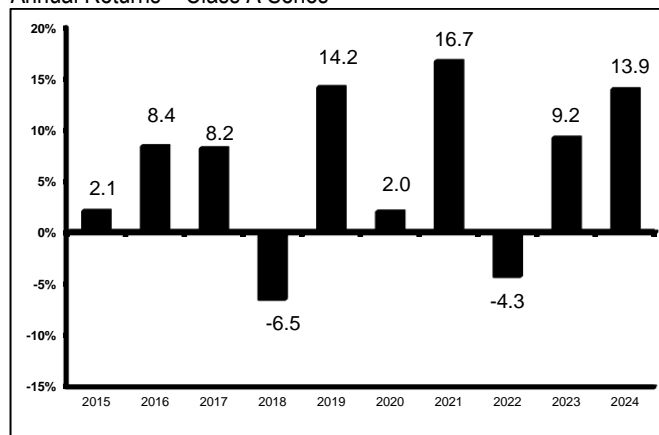
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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.

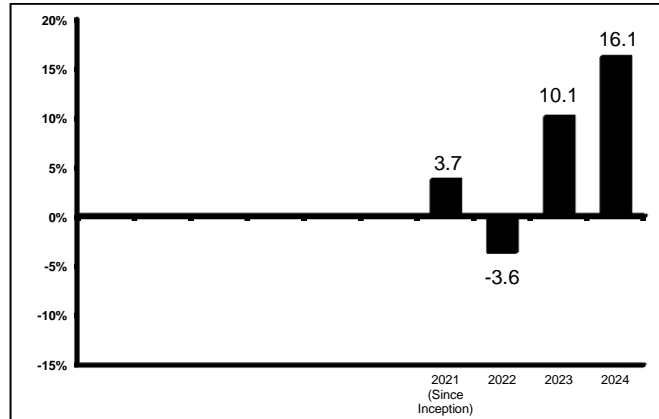
Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown and 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 F Series ⁽¹⁾



⁽¹⁾ The Class F Series commenced operation May 14, 2021

Annual Returns – Class I Series

Currently Class I units of the Fund are not being offered to purchase.

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund since inception with the performance of the blended Benchmark index comprised as follows: 70% S&P/TSX Composite Total Return Index, a capitalization-weighted index designed to measure the market activity of some of the largest float adjusted stocks listed on the Toronto Stock Exchange, 27% FTSE Canada Universe Bond Index, which is a broad measure of the total return of Canadian bonds that mature in more than one year and 3% FTSE Canada 91 Day Treasury Bill Index, which measures the performance attributable to 91-day Treasury Bills of the provincial and federal governments.

Educators Monthly Income Fund	1 Year	3 Year	5 Year	10 Year
Class A Series	13.94%	6.01%	7.24%	6.13%
Class F Series ¹	16.13%	7.06%	NA	NA
Class I Series ²	--	--	--	--
Blended Benchmark	16.26%	6.01%	8.17%	6.76%

¹ Since Inception (May 14, 2021)

² Currently not being offered to purchase

The Benchmark returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to the Benchmark.

SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)

As at December 31, 2024

Sector Mix	Percentage of Net Asset Value
Financials	24.50 %
Short-term investments	17.66 %
Corporate Bonds	15.35 %
Consumer Staples	13.31 %
Industrials	10.17 %
Information Technology	6.78 %
Consumer Discretionary	5.81 %
Communication Services	2.77 %
Government Bonds	2.44 %
Asset-Backed Securities	0.97 %
Net Other Assets (Liabilities)	0.24 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Canadian Treasury Bill, 3.36%, February 12, 2025	11.04 %
Constellation Software Inc.	3.29 %
Royal Bank of Canada	3.15 %
Mastercard Inc.	2.96 %
Costco Wholesale Corp.	2.88 %
TMX Group Ltd.	2.75 %
National Bank of Canada	2.72 %
Intact Financial Corp.	2.69 %
Metro Inc.	2.66 %
Loblaw Cos Ltd.	2.46 %
Thomson Reuters Corp.	2.44 %
Dollarama Inc.	2.43 %
Canadian Treasury Bill, 3.11%, May 7, 2025	2.42 %
Bank of Montreal	2.41 %
Canadian Pacific Kansas City Ltd.	2.28 %
iA Financial Corp Inc.	2.06 %
CGI Inc.	1.94 %
Sun Life Financial Inc.	1.90 %
Alimentation Couche-Tard Inc.	1.87 %
Canadian National Railway Co.	1.80 %
Canadian Treasury Bill, 3.46%, April 24, 2025	1.77 %
Restaurant Brands International Inc.	1.77 %
Toromont Industries Ltd.	1.75 %
FactSet Research Systems Inc.	1.74 %
TELUS Corp.	1.62 %
Total Net Assets (000's)	\$88,894

The top 25 holdings represent approximately 66.80% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at December 31, 2024 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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