

# 2025

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2025

Offered by Educators Financial Group  
Portfolio Adviser: RBC Global Asset Management Inc., Vancouver, BC

### Educators Mortgage & 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](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 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, global trade restrictions and tariffs, 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 Objectives and Strategies

The investment objective of the Educators Mortgage & Income Fund (*the "Fund"*) is to provide income by investing in high quality fixed income securities including mortgages, mortgage-related securities, and corporate and government bonds. The Fund seeks to achieve lower volatility of return than the overall bond universe, adequate diversification of assets and a reasonable level of net real return while not being exposed to undue market risk. 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, 2025.

### Results of Operations

The Fund's net assets increased by 0.4% to \$79.1 million at the end of December 2025, up from \$78.8 million at the end of December 2024.

#### Investment Performance

For the year/period ending December 31, 2025 (*the period*), the Educators Mortgage & Income Fund – Class A Series provided a return of 2.73%, versus the FTSE Canada Short Term Bond Index (*the Benchmark*) return of 3.88%.

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.

Returns on short-term Canadian bonds rose amid interest-rate cuts as domestic economic growth remained weak. The Bank of Canada (*the "BoC"*) balanced concerns of slower economic growth, linked in part to an evolving trade war with the U.S., against the threat of higher inflation. In this environment, the BoC reduced its key policy interest rate by one percentage point to 2.25% over the course of 2025, pushing down yields on short-term Government of Canada (*"GoC"*) bonds and resulting in higher bond prices. Investors were wary about increases in government spending to prop up the economy, and the growing government deficits that come with such increases. Canada, like many other countries, is boosting expenditures on infrastructure and defence to offset weak private investment.

The Fund's sensitivity to interest rates was actively managed during a volatile period for bond yields; however, this approach had a negative impact on the portfolio's overall performance. The portfolio

adviser continued preference for provincial bonds, government-backed housing bonds, investment-grade corporate bonds, and commercial multi-residential mortgages contributed to the Fund's performance. These strategies generated higher income than similar-term "risk-free" GoC bonds.

Portfolio turnover is normally high for the Fund, as the portfolio adviser attempts to generate better returns through active security selection and optimal term exposure.

### Recent Developments

The portfolio adviser remains cautious given relatively high valuations and concerns about trade-related uncertainty and its potential impact on the Canadian economy. Consequently, the portfolio adviser continues to favour higher-quality parts of the market that position the Fund against potential market weakness, while remaining ready to take advantage of attractive opportunities as they arise.

The combined federal and provincial deficits for the next fiscal year is expected to total approximately 4% of Canada's GDP, representing one of the highest levels since the early 1990s, excluding the COVID-19 period and the global financial crisis.

### Related Party Transactions

Pursuant to the Fund's investment strategies included in the Fund's Simplified Prospectus, the Fund will invest substantially all of its assets in units of the PH&N Short Term Bond & Mortgage Fund. The PH&N Short Term Bond & Mortgage Fund may invest up to 10% of its net assets in units of the other funds managed by the Fund's Portfolio Adviser and for the period has invested in the RBC GAM Mortgage Fund, Institutional Series.

In 2025 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**

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 Mortgage & Income Fund – Class A Series – Net Assets per Unit <sup>(1)</sup>**

	Year ended December 31				
	2025	2024	2023	2022	2021
Net Assets, beginning of year/period	\$11.25	\$10.89	\$10.69	\$11.34	\$11.58
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.39	\$0.44	\$0.38	\$0.28	\$0.26
Total expenses, including transaction costs [excluding distributions]	(\$0.14)	(\$0.14)	(\$0.13)	(\$0.14)	(\$0.14)
Realized gains (losses) for the period	\$0.19	\$--	(\$0.27)	(\$0.26)	\$0.04
Unrealized gains (losses) for the period	(\$0.14)	\$0.35	\$0.46	(\$0.43)	(\$0.27)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.30</b>	<b>\$0.65</b>	<b>\$0.44</b>	<b>(\$0.55)</b>	<b>(\$0.11)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.26	\$0.30	\$0.26	\$0.14	\$0.12
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.26</b>	<b>\$0.30</b>	<b>\$0.26</b>	<b>\$0.14</b>	<b>\$0.12</b>
<b>Net Assets, end of year/period</b>	<b>\$11.29</b>	<b>\$11.25</b>	<b>\$10.89</b>	<b>\$10.69</b>	<b>\$11.34</b>

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

	Year ended December 31				
	2025	2024	2023	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$76,506	\$76,970	\$77,846	\$94,184	\$130,448
Number of units outstanding <sup>(4)</sup>	6,773,886	6,842,714	7,145,689	8,808,376	11,499,952
Management expense ratio <sup>(5)</sup>	1.26%	1.26%	1.25%	1.25%	1.25%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.26%	1.26%	1.25%	1.25%	1.25%
Trading expense ratio <sup>(7)</sup>	--%	0.01%	--%	--%	0.01%
Portfolio turnover rate <sup>(8)</sup>	149.48%	69.31%	71.73%	52.98%	32.19%
Net Asset Value per unit	\$11.29	\$11.25	\$10.89	\$10.69	\$11.34



EDUCATORS MORTGAGE & INCOME FUND

**Educators Mortgage & Income Fund – Class F Series – Net Assets per Unit <sup>(1)</sup>**

	Year Ended December 31				
	2025	2024	2023	2022	2021
Net Assets, beginning of year/period	\$9.80	\$9.49	\$9.32	\$9.89	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.34	\$0.38	\$0.34	\$0.25	\$0.10
Total expenses, including transaction costs [excluding distributions]	(\$0.05)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.02)
Realized gains (losses) for the period	\$0.16	\$--	(\$0.23)	(\$0.23)	\$0.03
Unrealized gains (losses) for the period	(\$0.10)	\$0.31	\$0.39	(\$0.31)	(\$0.15)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.35</b>	<b>\$0.64</b>	<b>\$0.46</b>	<b>(\$0.33)</b>	<b>(\$0.04)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.27	\$0.34	\$0.30	\$0.19	\$0.10
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.27</b>	<b>\$0.34</b>	<b>\$0.30</b>	<b>\$0.19</b>	<b>\$0.10</b>
<b>Net Assets, end of year/period</b>	<b>\$9.88</b>	<b>\$9.80</b>	<b>\$9.49</b>	<b>\$9.32</b>	<b>\$9.89</b>

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

	Year Ended December 31				
	2025	2024	2023	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$2,566	\$1,823	\$1,671	\$1,780	\$1,508
Number of units outstanding <sup>(4)</sup>	259,768	186,025	176,083	191,002	152,425
Management expense ratio <sup>(5)</sup>	0.47%	0.47%	0.46%	0.46%	0.45%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.47%	0.47%	0.46%	0.46%	0.45%
Trading expense ratio <sup>(7)</sup>	--%	0.01%	--%	--%	0.01%
Portfolio turnover rate <sup>(8)</sup>	149.48%	69.31%	71.73%	52.98%	32.19%
Net Asset Value per unit	\$9.88	\$9.80	\$9.49	\$9.32	\$9.89

<sup>(1)</sup> 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.

<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 December 31 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 1.10% for the Class A Series and 0.40% for the Class F Series.

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

Approximately 12.5% 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**

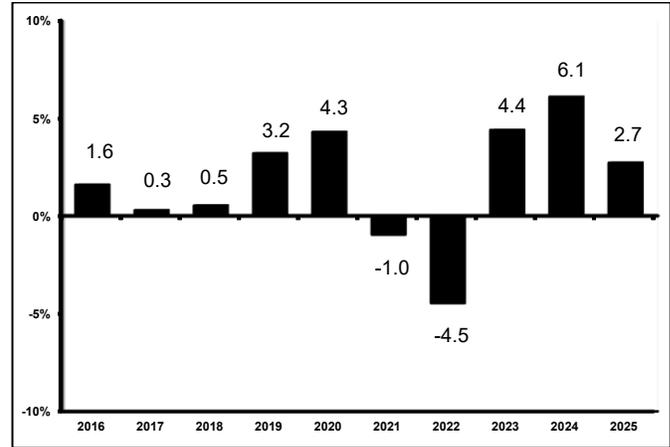
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

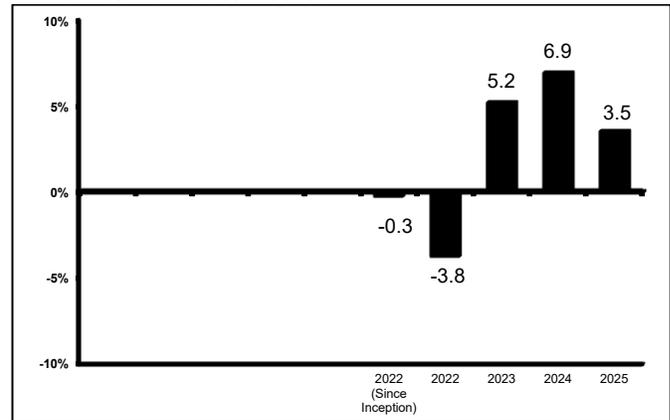
**Year-by-Year Returns**

The bar chart shows the Fund's annual performance for each of the years shown and 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 <sup>(1)</sup>



<sup>(1)</sup> 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 with the performance of the Benchmark index, FTSE Canada Short Term Bond Index, a market capitalization-weighted index consisting of a broadly diversified range of investment grade federal, provincial, municipal and corporate bonds with a term to maturity between one and five years.

Educators Mortgage & Income Fund	1 Year	3 Year	5 Year	10 Year
Class A Series	2.73%	4.40%	1.48%	1.73%
Class F Series <sup>1</sup>	3.54%	5.22%	NA	NA
Class I Series <sup>2</sup>	--	--	--	--
<i>FTSE Canada Short Term Bond Index</i>	3.88%	4.86%	1.85%	2.06%

<sup>1</sup> Since Inception (May 14, 2021)

<sup>2</sup> 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, 2025

Sector Mix	Percentage of Net Asset Value
Canadian Mutual Funds	99.16 %
Cash and Cash Equivalents	0.99 %
Net Other Assets (Liabilities)	(0.15) %

### Top Holdings

Security Name	Percentage of Net Asset Value
PHN Short Term Bond & Mortgage Fund, Series O	99.16 %

**Total Net Assets (000's) \$79,071**

The summary of investment portfolio of the Fund is as at December 31, 2025 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly. Information about the holdings of the RBC GAM Funds owned by the Fund is contained in their simplified prospectus, annual information form and fund facts documents available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

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