

2020

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2020

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

Educators Monthly Income Fund



This annual management report of fund performance contains financial highlights but does not contain the complete 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives 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 limited to no more than 30% of the Fund's 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 ended December 31, 2020.

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 10.4% to \$53.2 million at the end of December 2020, down from \$59.4 million at the end of December 2019.

Investment Performance

For the year/period ending December 31, 2020 (the 'period'), the Educators Monthly Income Fund – Class A Series provided a return of 2.03%, versus a Benchmark return of 6.87%. 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 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. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of 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.

The Canadian equity market posted a third consecutive quarter of gains in the final three months of 2020, with the S&P/TSX Composite Total Return Index rising 8.97% during the quarter and 5.60% on a year-to-date basis. Optimism flourished in November and global equity markets soared to new highs after some encouraging reports of vaccine-related progress, which raised the prospect for an end to the *COVID-19* pandemic and emboldened expectations for a rapid recovery in growth. This followed the over 30% decline in the market, which occurred in late February, following the initial response to the *COVID-19* pandemic and the effects of the collapse in oil prices.

Sector performance in the final quarter of 2020 was a clear reversal of what was witnessed during the first nine months of the year. The laggards turned into the leaders as the recovery theme played out. Health Care, Consumer Discretionary, Financials, and Energy constituents led the pack in out-performing the S&P/TSX, while the pandemic-resilient sectors that had shone in the first nine months lagged the broader market in the final three. These included securities within the Consumer Staples, Materials, and Information Technology sectors.

For 2020, a wide dispersion was witnessed in performance across sectors. With little surprise, Information Technology benefitted (+80.68%) from the pandemic, as people worked from home and shopped/consumed online. The Materials sector (+21.24%) provided a safe-haven through its gold exposure. However, energy was the worst performing sector, with a negative 26.57% return for the year. While the Financials managed to deliver a small positive return of 1.62%, the heavyweight sector of the Canadian market lagged the index for the full year.

Within the Canadian fixed-income market, the year started off on a positive note. Corporate spreads continued to tighten and demand for yield was very strong. Late in the first quarter, as the *COVID-19* pandemic paralyzed global markets, corporate spreads widened sharply to the detriment of the Fund. Securities with lower credit ratings were the most negatively impacted, as market participants focused solely on higher-quality securities. Liquidity was practically non-existent. Following the implementation of accommodative monetary policies and trillions of dollars in financial aid and stimulus packages, corporate spreads experienced a quick turnaround. Not only have credit spreads recouped their losses, but some sectors also finished the year with tighter spreads

than prior to the pandemic. The Fund's overweight position in corporate bonds, relative to the FTSE Canada Universe Bond Index, enhanced performance throughout the period.

During the year, the equity portfolio detracted from relative performance. The Fund's holdings of non-Canadian securities contributed positively, outperforming the S&P/TSX, with the most significant contributions coming from Danaher, FactSet, Mastercard, Accenture, and Costco. The Fund's exposure to non-Canadian stocks increased through 2020 and now includes holdings of Unilever, Kone Corp, and Nestle outside of the U.S.

The Canadian equity securities within the portfolio underperformed their benchmark. Positive contributions include the Fund's underweight position in stocks within the Energy and Health Care sectors. While the Fund's focus on high-quality, dividend-paying stocks was a detractor during the period, particularly in the fourth quarter, as lower-quality stocks drove market performance. Performance was muted by the Fund's underweight allocation in the Materials sector and in not holding Shopify, which continued to dominate the Information Technology sector in Canada. These securities were not appropriate investments for the portfolio, as they do not pay a sufficiently substantial dividend.

The fixed-income portfolio outperformed its benchmark over the period, with the Securitization sector contributing the most on both an absolute and relative basis. The Energy and Financial sectors were also significant absolute and relative contributors. The Fund's underweight position in the Provincials sector detracted from relative performance due to the strong returns for provincial securities with longer maturities. However, this was more than compensated by the outperformance of the Fund's corporate bond holdings, which benefitted from solid cash flow metrics and risk characteristics.

The Fund's Securitization exposure consists predominantly of bank and non-bank-sponsored credit card receivable programs, as well as commercial mortgage-backed securities. These securities experienced a significant turnaround during the second quarter (*as it became more evident that consumer credit worthiness would remain largely intact due to government programs to supplement income lost, mortgage payment deferrals, wage and rent subsidies, etc.*) and they have continued to perform strongly through 2020.

The Fund's asset mix remained relatively stable during the period. Holdings in equities increased marginally during the period, from 71.8% to 73.2%, while exposure to fixed-income securities decreased slightly. As of December 31, 2020, the Fund held 26.1% of its assets in Canadian fixed-income, including an allocation to short-term Canadian fixed-income, 55.1% in Canadian stocks, 18.1% in foreign stocks, and 0.7% in Cash and equivalents.

Recent Developments

Within the equity portfolio, the team remains disciplined and focused on investing in high-quality, dividend-paying companies with a demonstrated ability to compound intrinsic value over time and the ability to withstand tough times. The fixed-income portfolio will continue to be invested in a diversified portfolio of fixed-income securities, with a

significant concentration of corporate bonds. The fixed-income portfolio will continue to remain duration-neutral to its benchmark in order to reduce interest rate risk. The Fund will continue to focus on solid trading liquidity, as well as defensive characteristics, as it navigates through these volatile times to drive Fund performance.

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.

Related Party Transactions

On August 19, 2019, Fiera Capital Corporation acquired all issued and outstanding shares of Foresters Asset Management Inc. from Foresters Life Insurance Company. Upon the closing, Foresters Asset Management Inc. was renamed Fiera Capital Fund Management Inc. ("FCFM"). FCFM was incorporated into the Canadian operations of Fiera

Capital, by amalgamating Fiera Capital and FCFM shortly following the acquisition. Fiera Capital is a leading independent asset management firm and trades under the ticker FSZ on the Toronto Stock Exchange.

In 2020 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.

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				
	2020	2019	2018	2017	2016
Net Assets, beginning of year/period	\$9.74	\$9.07	\$10.33	\$10.12	\$9.92
Increase (decrease) from operations:					
Total revenue	\$0.29	\$0.33	\$0.31	\$0.33	\$0.29
Total expenses, including transaction costs [excluding distributions]	(\$0.13)	(\$0.14)	(\$0.15)	(\$0.15)	(\$0.15)
Realized gains (losses) for the period	(\$0.04)	\$0.62	\$0.44	\$0.27	\$--
Unrealized gains (losses) for the period	(\$0.04)	\$0.47	(\$1.27)	\$0.36	\$0.67
Total increase (decrease) from operations ⁽²⁾	\$0.08	\$1.28	(\$0.67)	\$0.81	\$0.81
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.15	\$0.20	\$0.16	\$0.16	\$0.14
From capital gains	\$0.02	\$0.39	\$0.45	\$0.02	\$--
Return of capital	\$0.43	\$0.01	\$--	\$0.42	\$0.46
Total Annual Distributions ⁽³⁾	\$0.60	\$0.60	\$0.61	\$0.60	\$0.60
Net Assets, end of year/period	\$9.30	\$9.74	\$9.07	\$10.33	\$10.12

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2020	2019	2018	2017	2016
Total Net Asset Value (000's) ⁽⁴⁾	\$53,215	\$59,411	\$59,836	\$65,293	\$54,721
Number of units outstanding ⁽⁴⁾	5,721,925	6,101,290	6,596,034	6,323,244	5,408,281
Management expense ratio ⁽⁵⁾	1.31%	1.31%	1.31%	1.31%	1.31%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.31%	1.31%	1.31%	1.31%	1.31%
Trading expense ratio ⁽⁷⁾	0.02%	0.05%	0.07%	0.05%	0.09%
Portfolio turnover rate ⁽⁸⁾	46.75%	98.31%	78.88%	62.06%	74.21%
Net Asset Value per unit	\$9.30	\$9.74	\$9.07	\$10.33	\$10.12

- (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 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 1.15% for the Class A Series. The Class I Series is identical on 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 14.6% 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

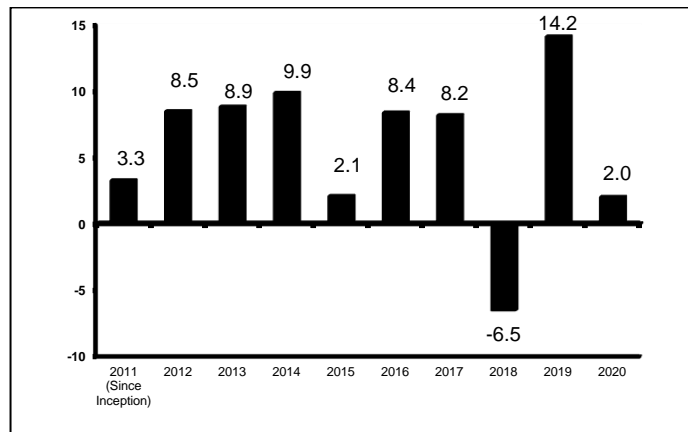
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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 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 (S&P/TSX 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.

Class A Series

	1 Year	3 Year	5 Year	10 Year
Educators Monthly Income Fund	2.03%	2.88%	5.03%	NA
70% S&P/TSX Index, 27% FTSE Canada Universe Bond Index, 3% FTSE Canada 91 Day Treasury Bill Index	6.87%	5.85%	7.85%	5.43%

Class I Series

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

Note that 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, 2020

The top 25 holdings represent approximately 67.76% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at December 31, 2020 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

Sector Mix	Percentage of Net Asset Value
Financials	27.06%
Corporate Bonds	15.39%
Consumer Staples	13.50%
Industrials	9.17%
Communication Services	8.07%
Information Technology	6.71%
Canadian Mutual Funds	5.05%
Energy	4.08%
Government Bonds	3.91%
Utilities	2.64%
Consumer Discretionary	1.78%
Asset-Backed Securities	1.70%
Cash and Cash Equivalents	0.78%
Net Other Assets	0.16%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
IMAXX Short Term Bond Fund, Class O	5.05%
Royal Bank of Canada	4.77%
Toronto-Dominion Bank	4.76%
National Bank of Canada	3.95%
Bank of Montreal	3.70%
TELUS Corp.	3.61%
Mastercard Inc.	3.07%
PepsiCo Inc.	2.87%
Metro Inc/CN	2.73%
Canadian Utilities Ltd.	2.64%
Rogers Communications Inc.	2.49%
Unilever PLC	2.38%
Canadian National Railway Co.	2.37%
Alimentation Couche-Tard Inc.	2.33%
Finning International Inc.	2.21%
Pembina Pipeline Corp.	2.09%
TC Energy Corp.	1.99%
Shaw Communications Inc.	1.97%
Constellation Software Inc.	1.89%
Costco Wholesale Corp.	1.89%
Power Corp of Canada	1.88%
FactSet Research Systems Inc.	1.84%
Restaurant Brands International Inc.	1.78%
Canadian Pacific Railway Ltd.	1.76%
Accenture PLC	1.74%
Total Net Assets (000's).....	\$53,215

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