

2021

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2021

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

Educators Monthly Income 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Risk

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 increased by 5.1% to \$55.9 million at the end of June 2021, up from \$53.2 million at the end of December 2020.

Investment Performance

For the year/period ending June 30, 2021 (the 'period'), the Educators Monthly Income Fund – Class A Series provided a return of 9.34%, versus a Benchmark return of 10.85%. 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. 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.

Class F units of the Fund were first offered by prospectus dated May 14, 2021 however no Class F units had been offered for sale at June 30, 2021. 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 S&P/TSX posted a fifth consecutive quarter of gains in the three months ending in June. This brought the Canadian equity market return to 17.28% on a year-to-date basis for 2021. Overall, global equity markets climbed to new highs during the second quarter, with ramped-up vaccine rollouts, reopening momentum, and strong economic and corporate earnings results underpinning risk appetite and driving stocks higher. During the period, the Energy (+37.1%), Financials (+23.4%), Health Care (+22.0%), Real Estate (+21.7%), and Information Technology (+21.7%) sectors led the rally. While Materials (-0.4%),

Utilities (+4.9%), Industrials (+6.8%), and Consumer Staples (+8.5%) under-performed the broader market.

Within Fixed Income markets, market sentiment was positive during the period. The Canadian Government yield curve was volatile during the first quarter, as yields rose sharply—particularly in the long end, which led the market to return -5.04% for the quarter. However, this trend reversed itself during the second quarter, as the bond market rose by 1.66% and yields finished the period lower and flatter. Performance for the Canadian bond market was negative for the period (returning -3.46%) due to the rise in yields on bonds with long maturities. Demand was strong for corporate bonds, as investor search for yield overshadowed any credit concerns or M&A activity. Credit spreads continued their tightening path and most credit sectors finished the first half through their pre-pandemic levels.

Companies continued to take advantage of the low interest rate environment and pre-funding capital requirements—and market participants continued to digest the issuance. Corporate balance sheets improved, Canadian bank earnings continued to surpass expectations, monetary policy was unchanged, and economic outlooks were revised higher. Accelerated vaccine rollouts and easing restrictions towards the end of the period cemented the positive tone in the market.

During the period, the equity portfolio detracted from relative performance. While the Fund's Canadian equity holdings outperformed the S&P/TSX Composite index, the non-Canadian securities detracted on a relative basis. The Consumer Staples sector has a large proportion of non-Canadian holdings, including Pepsico and Unilever (which enhanced performance in 2020), and the Fund's exposure in the sector impacted performance.

The Canadian equity securities within the portfolio outperformed their benchmark. Positive contributions include Materials, Utilities, and Financials sectors. The Materials sector underperformed the broader market and the Fund has no exposure to the sector. The Fund's sole holding within the Utilities sector, Canadian Utilities Ltd., outperformed its sector significantly. The Fund benefitted from its overexposure to the Financials sector, which includes a significant position in Canadian banks. Detractors to relative performance included the Energy sector, where the Fund's underweight position versus the benchmark hurt performance as oil prices rose over the period. The Information Technology sector detracted, as Shopify continued to dominate the sector in Canada. The Fund does not hold this stock, as it does not pay a sufficiently substantial dividend.

The fixed income portfolio outperformed its benchmark, the FTSE Canada Universe Bond Index, over the period—benefitting from its overweight exposure to corporate bonds. Overall, corporate bonds outperformed their Provincial counterparts, which were more affected by the significant volatility in longer-term yields. The Fund benefitted from the rally in corporate spreads, as security selection is focused on issuers with solid cash flow metrics and risk characteristics.

On a sector basis, the Securitization and Financial sectors were notable positive performers. The Fund's Securitization exposure to bank and non-bank sponsored credit card receivable programs, as well as commercial mortgage-backed securities, proved to be resilient. Canadian banks had anticipated a rise in default rates and late payments during the pandemic, which were not as severe as initially thought. As a result, banks were able to release some of the reserve during the period, which enhanced valuations. The Fund's Financial exposure experienced significant gains, as rates remained low and demand for higher-yielding securities from strongly-regulated banks increased. Despite issuance in the sector, valuations remained attractive due to sustained demand for higher-yielding product. Additionally, the Fund's holdings in the imaxx Short Term Bond Fund enhanced returns, as short-term securities outperformed those with longer maturities.

The Fund's asset mix remained unchanged during the period. The Fund's holdings in equities remained stable at 73.2%, composed of a 55.1% exposure to Canadian equity and an 18.1% exposure to foreign equity. The fixed income allocation remained at 26.1% and it continues to include exposure to short-term Canadian fixed income. The Fund ended the period with an allocation of 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, along with the ability to withstand tough periods. The Fund will continue to be invested in a diversified fixed income portfolio, 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, in addition to defensive characteristics, as it navigates through these volatile times in order 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

In the first six months of 2021 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 six-month period and for the past five years. As the Class F units of the Fund have recently been created no Financial Highlights are provided in this document, Financial Highlights will be provided in our next interim management report of fund performance (“MRFP”). Currently Class I units of the Fund are not being offered to purchase.



EDUCATORS MONTHLY INCOME FUND

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

	Six month ended June 30		Year ended December 31			
	2021	2020	2019	2018	2017	2016
Net Assets, beginning of year/period	\$9.30	\$9.74	\$9.07	\$10.33	\$10.12	\$9.92
Increase (decrease) from operations:						
Total revenue	\$0.14	\$0.29	\$0.33	\$0.31	\$0.33	\$0.29
Total expenses, including transaction costs [excluding distributions]	(\$0.07)	(\$0.13)	(\$0.14)	(\$0.15)	(\$0.15)	(\$0.15)
Realized gains (losses) for the period	\$0.08	(\$0.04)	\$0.62	\$0.44	\$0.27	\$--
Unrealized gains (losses) for the period	\$0.70	(\$0.04)	\$0.47	(\$1.27)	\$0.36	\$0.67
Total increase (decrease) from operations ⁽²⁾	\$0.85	\$0.08	\$1.28	(\$0.67)	\$0.81	\$0.81
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$0.08	\$0.15	\$0.20	\$0.16	\$0.16	\$0.14
From capital gains	\$0.01	\$0.02	\$0.39	\$0.45	\$0.02	\$--
Return of capital	\$0.21	\$0.43	\$0.01	\$--	\$0.42	\$0.46
Total Annual Distributions ⁽³⁾	\$0.30	\$0.60	\$0.60	\$0.61	\$0.60	\$0.60
Net Assets, end of year/period	\$9.85	\$9.30	\$9.74	\$9.07	\$10.33	\$10.12

Ratios and Supplemental Data (based on Net Asset Value)

	Six month ended June 30		Year ended December 31			
	2021	2020	2019	2018	2017	2016
Total Net Asset Value (000's) ⁽⁴⁾	\$55,915	\$53,215	\$59,411	\$59,836	\$65,293	\$54,721
Number of units outstanding ⁽⁴⁾	5,674,807	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%	1.31%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
Trading expense ratio ⁽⁷⁾	0.01%	0.02%	0.05%	0.07%	0.05%	0.09%
Portfolio turnover rate ⁽⁸⁾	13.69%	46.75%	98.31%	78.88%	62.06%	74.21%
Net Asset Value per unit	\$9.85	\$9.30	\$9.74	\$9.07	\$10.33	\$10.12

⁽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.

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 and 0.55% for the Class F 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 14.8% 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

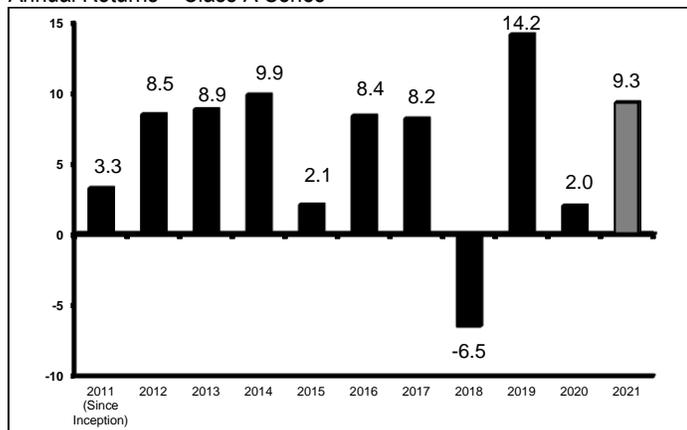
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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 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



■ % Increase/decrease ■ For the six-month period ended June 30, 2021

Annual Returns – Class F Series

Regulatory restrictions limit publishing performance for investment funds with a history of less than one year. As at June 30, 2021 no Class F units had been offered to purchase.

Annual Returns – Class I Series

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

SUMMARY OF INVESTMENT PORTFOLIO

(Based on Net Asset Value)

As at June 30, 2021

Sector Mix	Percentage of Net Asset Value
Financials	29.44%
Corporate Bonds	14.26%
Consumer Staples	11.20%
Industrials	8.90%
Communication Services	7.42%
Information Technology	6.64%
Canadian Mutual Funds	4.80%
Energy	4.50%
Government Bonds	4.21%
Utilities	2.59%
Short-term Investments	2.50%

Consumer Discretionary	1.62%
Asset-Backed Securities	1.55%
Cash and Cash Equivalents	0.25%
Net Other Assets	0.12%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Royal Bank of Canada	5.07%
IMAXX Short Term Bond Fund, Class O	4.80%
National Bank of Canada	4.54%
Bank of Montreal	4.30%
TELUS Corp.	3.52%
Mastercard Inc.	2.70%
Canadian Utilities Ltd.	2.59%
Metro Inc./CN	2.53%
PepsiCo Inc.	2.47%
Rogers Communications Inc.	2.45%
Pembina Pipeline Corp.	2.42%
Finning International Inc.	2.35%
Power Corp of Canada	2.24%
TC Energy Corp.	2.09%
Constellation Software Inc.	2.05%
Unilever PLC	1.99%
Canadian National Railway Co.	1.96%
Intact Financial Corp.	1.87%
Canadian Government Bond, 2.00%, December 1, 2051	1.82%
Thomson Reuters Corp.	1.79%
CME Group Inc.	1.73%
Costco Wholesale Corp.	1.71%
Accenture PLC	1.70%
Canadian Pacific Railway Ltd.	1.69%
Total Net Assets (000's)	\$55,915

The top 25 holdings represent approximately 67.47% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2021 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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