

2021

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2021

Offered by Educators Financial Group
Portfolio Manager: Beutel, Goodman & Company Ltd., Toronto, Ontario

Educators U.S. Equity 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 4.5% to \$124.3 million at the end of June 2021, up from \$119.0 million at the end of December 2020.

Investment Performance

For the year/period ending June 30, 2021 (the 'period') the Educators U.S. Equity Fund – Class A Series provided a return of 12.14% versus the S&P 500 Total Return Index (CAD\$) (the 'Benchmark') return of 11.78%.

The Fund outperformed 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.

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.

U.S. equity markets remained strong over the period, trading to new record highs. Improved corporate earnings, accelerated vaccine distribution, greater political certainty, and prolonged central bank stimulus continued to strengthen markets until a spike in bond yields in February. Worries that an acceleration in economic growth would lead to rising inflation and tightening monetary policy created some uncertainty in markets. There may be concern that inflation is running hotter than expected, though equity markets continue to post strong returns. The months ahead will confirm whether we are truly on the path to a healthy recovery. Against this backdrop, the S&P 500 Index (C\$) recorded a total return of 12.02% over the period, with Energy, Financials, Real Estate,

and Communication Services providing the strongest returns. Meanwhile, Utilities, Consumer Staples, and Consumer Discretionary recorded the weakest performance.

The top-performing sectors during the period, relative to the benchmark, were Consumer Discretionary, Information Technology, and Financials. A combination of both stock selection and underweight positions in Consumer Discretionary and Information Technology, both areas of relative weakness in the benchmark, contributed to the Fund's relative performance. A combination of both stock selection and an overweight position in Financials, an area of relative strength in the benchmark, contributed to the Fund's relative performance. Over the period, the top individual contributors to Fund performance included American Express Co., eBay Inc., Omnicom Group Inc., NortonLifeLock Inc., and Ameriprise Financial Inc.

From a sector perspective, the Fund's holdings in the Consumer Staples, Industrials, and Communication Services sectors were the largest detractors from the Fund's relative performance over the period. A combination of both stock selection and an overweight position in Consumer Staples, an area of relative weakness in the benchmark, detracted from the Fund's relative performance. Stock selection in Industrials and Communication Services detracted from the Fund's relative performance. Over the period, the largest individual detractors from Fund performance included Campbell Soup Co., Verizon Communications Inc., Kimberly-Clark Corp., Organon & Co., and Merck & Co. Inc.

The portfolio management team (the team) employs a stock-selection process that is based on identifying securities trading at significant discounts to their business value. The Fund's country, sector, and stock weights are outcomes of the team's investment decisions based on bottom-up fundamentals and business quality. As a byproduct of the team's bottom-up investment process, market performance, and general management activity, weighting changes that occurred in the Fund's portfolio during the reporting period because of relative performance and the team's buy/sell activities included Consumer Discretionary, Consumer Staples, and Health Care sector increased and the Financials, Information Technology, and Materials sector decreased. Polaris Inc. and Biogen Inc. were new additions to the Fund. Some of the more significant additions to the Fund over the period included Kimberly-Clark Corp., eBay Inc., Merck & Co., Inc., and Campbell Soup Co. Some of the more significant reductions from the Fund over the period included American Express Co., TE Connectivity Ltd., Oracle Corp., Comcast Corp.,



Ameriprise Financial Inc., AmerisourceBergen Corp., and PPG Industries Inc. By the end of the period, there were 28 holdings in the Fund, up from 26. The Fund's level of cash and cash equivalents ended the period relatively unchanged.

Recent Developments

The market tug-of-war between growth and value continues to be a key investment theme, although the fund manager believes this to be of no importance. Given their unique approach, it is the fund manager's opinion that their portfolios will never fit neatly into a predetermined bucket. The recent market-defined value rally was, in their view, driven by a rebound in lower-quality companies and barely touched what they define as value stocks. Many of the Fund's largest holdings are only now trading at levels that approach where they were pre-pandemic in terms of market price. While the market has gotten more expensive, the Fund's biggest holdings remain undervalued relative to the manager's targets.

The valuation gap between the portfolio and the broader market remains attractive, affording the portfolio the potential for good downside protection and room for significant capital appreciation. Over the period, a number of Fund holdings reached their target prices, leading to subsequent one-third sales and a recycling of funds from fully-valued companies into others with more attractive valuations. The fund manager's focus on their process allows them to remain disciplined in searching out opportunities to own great companies trading at a deep discount (to the manager's estimate of their intrinsic value), which is what they believe will lead to the long-term success of the Fund's unit holders.

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 by retail investors.



EDUCATORS U.S. EQUITY FUND

Educators U.S. Equity Fund – Class A Series – Net Assets per Unit⁽¹⁾

	Six months ended June 30		Year ended December 31			
	2021	2020	2019	2018	2017	2016
Net Assets, beginning of year/period	\$21.10	\$21.28	\$17.64	\$18.59	\$20.18	\$18.56
Increase (decrease) from operations:						
Total revenue	\$0.23	\$1.12	\$0.51	\$0.45	\$0.45	\$0.40
Total expenses, including transaction costs [excluding distributions]	(\$0.26)	(\$0.58)	(\$0.48)	(\$0.43)	(\$0.44)	(\$0.41)
Realized gains (losses) for the period	\$1.78	\$1.43	\$0.72	\$0.84	\$4.34	\$0.94
Unrealized gains (losses) for the period	\$0.82	(\$0.46)	\$3.06	(\$1.19)	(\$2.27)	\$0.67
Total increase (decrease) from operations⁽²⁾	\$2.57	\$1.51	\$3.81	(\$0.33)	\$2.08	\$1.60
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$0.05	\$0.01	\$--	\$--
From dividends	\$0.04	\$0.58	\$--	\$--	\$--	\$--
From capital gains	\$--	\$1.14	\$0.12	\$0.58	\$3.61	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions⁽³⁾	\$0.04	\$1.72	\$0.17	\$0.59	\$3.61	\$--
Net Assets, end of year/period	\$23.62	\$21.10	\$21.28	\$17.64	\$18.59	\$20.18

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⁾	\$114,383	\$102,683	\$103,370	\$92,385	\$99,517	\$95,876
Number of units outstanding ⁽⁴⁾	4,842,832	4,866,727	4,858,227	5,237,316	5,353,332	4,750,945
Management expense ratio ⁽⁵⁾	1.98%	1.98%	1.97%	1.93%	1.93%	1.93%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%
Trading expense ratio ⁽⁷⁾	0.05%	0.05%	0.03%	0.04%	0.10%	0.11%
Portfolio turnover rate ⁽⁸⁾	22.78%	36.22%	16.05%	29.27%	125.26%	70.96%
Net Asset Value per unit	\$23.62	\$21.10	\$21.28	\$17.64	\$18.59	\$20.18

(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.

Educators U.S. Equity Fund – Class I Series – Net Assets per Unit⁽¹⁾

	Six month ended June 30		Year ended December 31	
	2021	2020	2019	2018
Net Assets, beginning of year/period	\$11.37	\$11.37	\$9.42	\$10.00
Increase (decrease) from operations:				
Total revenue	\$0.13	\$0.56	\$0.27	\$0.24
Total expenses, including transaction costs [excluding distributions]	(\$0.02)	(\$0.09)	(\$0.05)	(\$0.04)
Realized gains (losses) for the period	\$1.02	\$0.82	\$0.39	\$0.57
Unrealized gains (losses) for the period	\$0.58	(\$0.07)	\$1.63	(\$0.98)
Total increase (decrease) from operations⁽²⁾	\$1.71	\$1.22	\$2.24	(\$0.21)
Distributions:				
From net investment income (excluding dividends)	\$--	\$--	\$0.24	\$0.03
From dividends	\$0.14	\$0.43	\$--	\$--
From capital gains	\$--	\$0.61	\$0.07	\$0.36
Return of capital	\$--	\$--	\$--	\$--
Total Annual Distributions⁽³⁾	\$0.14	\$1.04	\$0.30	\$0.39
Net Assets, end of year/period	\$12.73	\$11.37	\$11.37	\$9.42

Ratios and Supplemental Data (based on Net Asset Value)

	Six month ended June 30		Year ended December 31	
	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$9,897	\$16,295	\$12,591	\$5,207
Number of units outstanding ⁽⁴⁾	777,345	1,433,533	1,107,668	552,851
Management expense ratio ⁽⁵⁾	0.01%	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	0.05%	0.05%	0.03%	0.04%
Portfolio turnover rate ⁽⁸⁾	22.78%	36.22%	16.05%	29.27%
Net Asset Value per unit	\$12.73	\$11.37	\$11.37	\$9.42

(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 1.75% for the Class A Series and 0.75% for the Class F Series. The Class I Series is identical in 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 25.9% 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

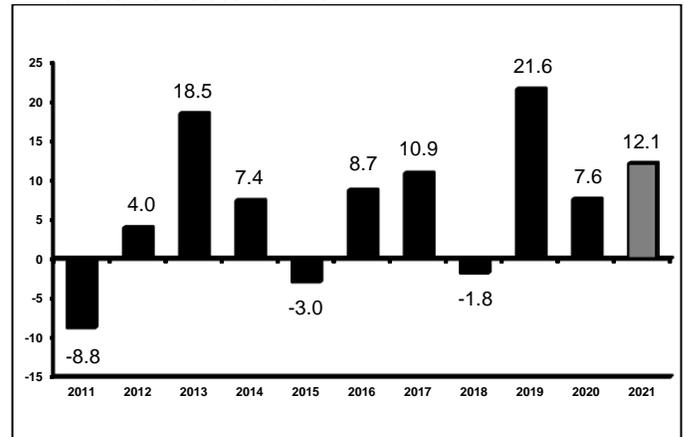
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

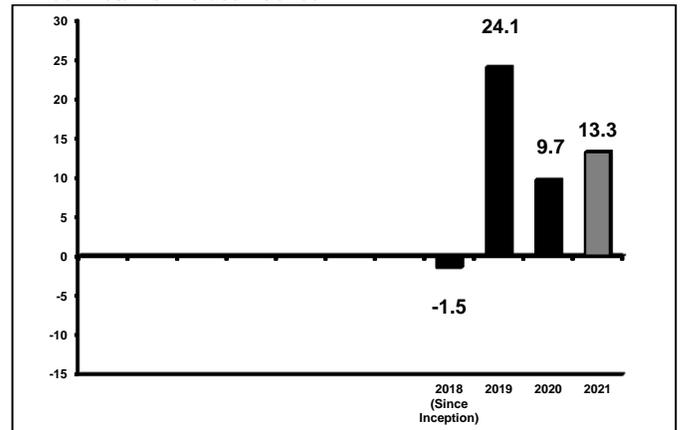
Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown and 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



Annual Returns – Class I Series ⁽¹⁾



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

⁽¹⁾ The Class I Series commenced operations January 4, 2018

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.



SUMMARY OF INVESTMENT PORTFOLIO

(Based on Net Asset Value)

As at June 30, 2021

Sector Mix	Percentage of Net Asset Value
Industrials	16.28%
Consumer Discretionary	15.28%
Consumer Staples	14.16%
Health Care	14.01%
Communication Services	13.58%
Information Technology	13.04%
Financials	10.46%
Short-term Investments	2.26%
Materials	0.97%
Cash and Cash Equivalents	0.30%
Net Other Liabilities	(0.34)%

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Omnicom Group Inc.	5.66%
eBay Inc.	5.48%
Merck & Co., Inc.	5.15%
Amgen Inc.	5.02%
Amdocs Ltd.	5.00%
Westinghouse Air Brake Technologies Corp.	4.87%
Harley-Davidson Inc.	4.86%
Kimberly-Clark Corp.	4.84%
Kellogg Co.	4.70%
Ingersoll Rand Inc.	4.65%
Verizon Communications Inc.	4.65%
Campbell Soup Co.	4.61%
Ameriprise Financial Inc.	4.26%
Flowserve Corp.	3.82%
Oracle Corp.	3.74%
NortonLifeLock Inc.	3.60%
Comcast Corp.	3.27%
AmerisourceBergen Corp.	3.11%
SEI Investments Co.	2.72%
American Express Co.	2.65%
AutoZone Inc.	2.57%
Polaris Inc.	2.37%
Cummins Inc.	2.22%
Canadian Treasury Bill, 0.11%, September 2, 2021	1.25%
PPG Industries Inc.	0.97%
Total Net Assets (000's)	\$124,279

The top 25 holdings represent approximately 96.05% 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.