

# 2022

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022

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

### Educators Money Market Fund





This 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.sedar.com](http://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, 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 any potential continued 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.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objectives and Strategies

The investment objective of the Educators Money Market Fund (*the "Fund"*) is to produce a high level of interest income consistent with the goal of preserve invested capital. The Fund invests primarily in Canadian government treasury bills and other high quality short-term Canadian corporate debt instruments of not more than one year to maturity, selecting a variety of investment maturities based on the interest rate outlook, analyzing the credit-worthiness of various issuers and achieving a diversified portfolio by allocating investments among government and corporate securities. 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, 2022.

### Results of Operations

The Fund's net assets increased by 4.9% to \$29.1 million at the end of December 2022, up from \$27.8 million at the end of December 2021.

#### Investment Performance

For the year/period ending December 31, 2022 (*the "period"*), the Educators Money Market Fund – Class A Series provided a return of 1.37% versus the FTSE Canada 91 Day Treasury Bill Index (*the "Benchmark"*) return of 1.82%.

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.

The proportion of government-guaranteed securities within the Fund increased during the period. As of December 31, 2022, the Fund held 24.3% of its investments in Government of Canada Treasury Bills, with the balance held in corporate paper. The allocation to government securities increased from 20.1% at the beginning of the year.

Canada's official interest rate rose from 0.25% to 4.25% over the course of 2022, a seventeen-fold increase. The interest rate hikes were initially expected to occur at the end of spring or into the summer. However, during the first two weeks of the year, indicators came in much stronger than expected and market participants began to expect a hike by the Bank of Canada in January. The Bank of Canada (*BoC*) held rates steady at that meeting. But the accompanying statement was more hawkish than previous meetings and the BoC then raised rates by 0.25% in March and by 0.50% in

April and June. The BoC continued hiking through the third quarter, surprising markets with a 1.00% hike in July. The pace of the hikes then slowed, with a hike of 0.75% in September and 0.50% in each of October and December.

Recent releases have signaled that, though inflation remains well above the BoC's target of 2%, the speed of price increases is beginning to decrease and the tone of the BoC's most recent statement indicated that the interest rate-tightening cycle was most probably approaching its end. Market participants anticipate further rate hikes this year, however, of smaller magnitude than in 2022.

In positioning the Fund, the portfolio manager is continuing to target an average term shorter than that of the Benchmark (*91 days*) to enable reinvestment of maturing securities faster in this rising yield environment—and also to avoid selling a security with a longer term to maturity, where valuations may be less attractive.

The yield of the Benchmark rose sharply to 4.27% from 0.16% at the beginning of the 2022. The yield of Bankers Acceptances moved from 0.20% to 4.63%. Over the Period, the Fund's greater weight in corporate securities, as compared to its Benchmark, enhanced performance. The portfolio manager intends to continue with the strategy of holding high-quality corporate money market securities and benefitting from their greater yield, as compared to government guaranteed securities.

### Recent Developments

The portfolio manager continues to focus on high-quality corporate holdings and selecting securities with maturities that present the most attractive yields (*in order to provide the Fund with a yield in excess of Government of Canada treasury bills*). Further, the portfolio manager continues to take advantage of yield-enhancing opportunities as they arise. In this environment, the Fund will continue to hold a significant weight of high-quality commercial paper, bank-sponsored asset-backed commercial paper, and banker's acceptances, to complement the Fund's holdings of Government of Canada treasury bills.

### Related Party Transactions

In 2022 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 MONEY MARKET 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 by retail investors.

**Educators Money Market Fund – Class A Series – Net Assets per Unit <sup>(1)</sup>**

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.19	\$0.02	\$0.08	\$0.18	\$0.15
Total expenses, including transaction costs [excluding distributions]	(\$0.06)	(\$0.02)	(\$0.03)	(\$0.06)	(\$0.06)
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.13</b>	<b>\$--</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.13	\$--	\$0.05	\$0.12	\$0.09
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>\$0.13</b>	<b>\$0.00</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.09</b>
<b>Net Assets, end of year/period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

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

	Year ended December 31				
	2022	2021	2020	2019	2018
Total Net Asset Value (000's) <sup>(4)</sup>	\$18,272	\$21,596	\$24,620	\$18,693	\$15,959
Number of units outstanding <sup>(4)</sup>	1,827,239	2,159,613	2,461,987	1,869,288	1,595,937
Management expense ratio <sup>(5)</sup>	0.57%	0.18%	0.31%	0.62%	0.59%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.62%	0.58%	0.59%	0.62%	0.62%
Trading expense ratio <sup>(7)</sup>	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00



EDUCATORS MONEY MARKET FUND

**Educators Money Market Fund – Class I Series – Net Assets per Unit <sup>(1)</sup>**

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.21	\$0.02	\$0.08	\$0.21	\$0.17
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--	\$--	\$--
Realized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--	\$--	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	\$0.21	\$0.02	\$0.08	\$0.21	\$0.17
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$0.21	\$0.02	\$0.08	\$0.18	\$0.15
From dividends	\$--	\$--	\$--	\$--	\$--
From capital gains	\$--	\$--	\$--	\$--	\$--
Return of capital	\$--	\$--	\$--	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	\$0.21	\$0.02	\$0.08	\$0.18	\$0.15
<b>Net Assets, end of year/period</b>	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

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

	Year ended December 31				
	2022	2021	2020	2019	2018
Total Net Asset Value (000's) <sup>(4)</sup>	\$8,953	\$6,116	\$5,296	\$4,089	\$1,602
Number of units outstanding <sup>(4)</sup>	895,293	611,598	529,564	408,916	160,159
Management expense ratio <sup>(5)</sup>	0.01%	0.01%	0.01%	--	--
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.01%	0.01%	0.01%	--	--
Trading expense ratio <sup>(7)</sup>	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00



EDUCATORS MONEY MARKET FUND

**Educators Money Market Fund – Class F Series – Net Assets per Unit <sup>(1)</sup>**

	Year ended December 31	
	2022	2021
Net Assets, beginning of year/period	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	\$0.27	\$0.01
Total expenses, including transaction costs [excluding distributions]	(\$0.03)	(\$0.01)
Realized gains (losses) for the period	\$--	\$--
Unrealized gains (losses) for the period	\$--	\$--
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	\$0.04	\$0.00
<b>Distributions:</b>		
From net investment income (excluding dividends)	\$0.24	\$--
From dividends	\$--	\$--
From capital gains	\$--	\$--
Return of capital	\$--	\$--
<b>Total Annual Distributions <sup>(3)</sup></b>	\$0.24	\$0.00
<b>Net Assets, end of year/period</b>	\$10.00	\$10.00

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

	Year ended December 31	
	2022	2021
Total Net Asset Value (000's) <sup>(4)</sup>	\$1,917	\$70
Number of units outstanding <sup>(4)</sup>	191,657	7,007
Management expense ratio <sup>(5)</sup>	0.34%	0.21%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.34%	0.33%
Trading expense ratio <sup>(7)</sup>	N/A	N/A
Net Asset Value per unit	\$10.00	\$10.00

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements. For the 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.



**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, the Manager-Trustee is entitled to receive a fee payable monthly, calculated daily, and based on the Net Asset Value of the Fund, at a maximum annual rate of 0.55% for the Class A Series and 0.30% 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 24.2% of the 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**

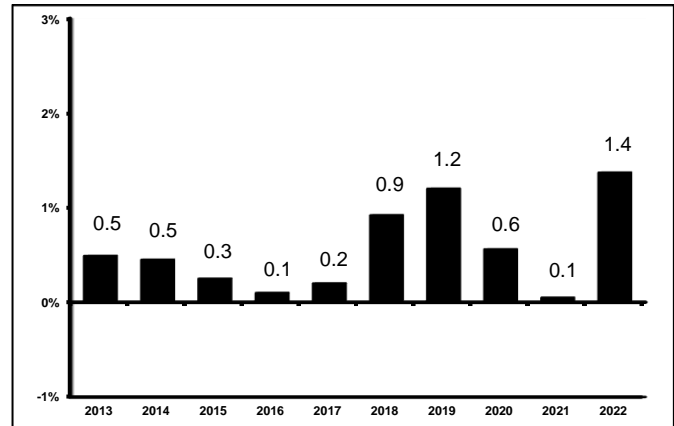
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

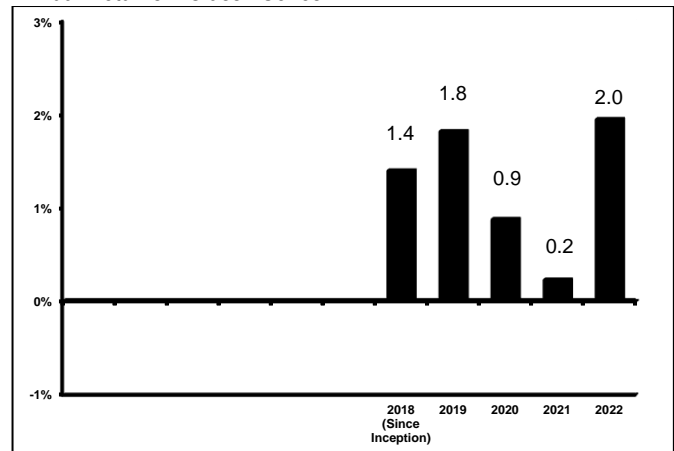
**Year-by-Year Returns**

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.

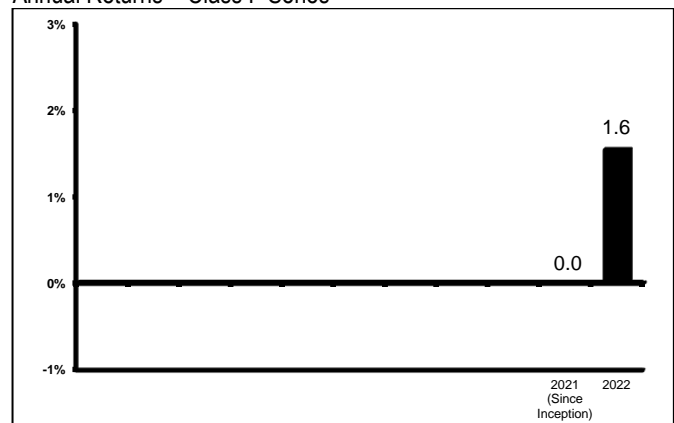
Annual Returns – Class A Series



Annual Returns – Class I Series (1)



Annual Returns – Class F Series (2)



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

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



**SUMMARY OF INVESTMENT PORTFOLIO**

**(Based on Net Asset Value)**

As at December 31, 2022

Sector Mix	Percentage of Net Asset Value
Bankers' Acceptances	43.92 %
Discount Commercial Paper	30.91 %
Treasury Bills	24.12 %
Net Other Assets (Liabilities)	1.47 %
Cash and Cash Equivalents	(0.42) %

**Top Holdings**

Security Name	Percentage of Net Asset Value
Canadian Treasury Bill, 2.66%, March 2, 2023	14.11 %
Canadian Treasury Bill, 4.29%, March 30, 2023	10.01 %
Bank of Nova Scotia, 4.30%, January 26, 2023	8.51 %
National Bank of Canada, 4.24%, January 24, 2023	7.48 %
Toyota Credit Canada Inc., 4.50%, April 4, 2023	7.23 %
Bank of Montreal, 4.38%, January 19, 2023	6.83 %
Hydro One Inc., 4.27%, January 5, 2023	5.80 %
HSBC Bank Canada, 4.28%, January 3, 2023	5.11 %
Canadian Imperial Bank of Commerce, 4.52%, March 3, 2023	5.01 %
Clarity Trust, 5.12%, April 20, 2023	4.39 %
Central 1 Credit Union, 4.19%, January 4, 2023	4.26 %
Honda Canada Finance Inc., 3.98%, January 17, 2023	4.23 %
Toronto-Dominion Bank, 4.31%, January 27, 2023	3.41 %
Clarity Trust, 4.69%, February 15, 2023	3.22 %
Royal Bank of Canada, 4.35%, February 9, 2023	2.55 %
Honda Canada Finance Inc., 4.71%, January 16, 2023	1.78 %
Toronto-Dominion Bank, 4.50%, February 28, 2023	1.61 %
Royal Bank of Canada, 4.53%, March 9, 2023	1.36 %
Bank of Montreal, 4.46%, January 25, 2023	1.20 %
Royal Bank of Canada, 4.52%, March 15, 2023	0.85 %
<b>Total Net Assets (000's)</b>	<b>\$29,142</b>

The summary of investment portfolio of the Fund is as at December 31, 2022 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.



**EDUCATORS FINANCIAL GROUP**

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