

2022

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022

Offered by Educators Financial Group
Portfolio Manager: HSBC Global Asset Management (Canada) Limited, Toronto, Ontario

Educators Monitored Conservative Portfolio





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 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.

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 Monitored Conservative Portfolio (*the "Fund"*) is to provide income with some potential for low to moderate capital growth. It does this by maintaining a balance of investments across several asset classes. The Fund invests primarily in mutual funds that invest in securities of Canadian and foreign governments and corporations. The asset mix is varied depending on the outlook for the economy and financial markets. 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. Since inception of the Fund no changes affecting the overall level of risk of investing in the Fund were made to the Fund as at December 31, 2022.

Results of Operations

The Fund's net assets decreased by 8.4% to \$77.2 million at the end of December 2022, down from \$84.3 million at the end of December 2021.

Investment Performance

For the year/period ending December 31, 2022 (*the "period"*), the Educators Monitored Conservative Portfolio – Class A Series provided a negative return of 9.49% versus a Benchmark return of negative 8.63%. The Benchmark is a weighted composite consisting of 5.5% MSCI EAFE Index C\$, 6.5% S&P 500 Index C\$, 16.0% S&P/TSX Composite Index, 51.5% FTSE Canada Universe Bond Index, 15.5% FTSE Canada Short Term Bond Index, and 5.0% FTSE 91-Day T-Bill Index (*the "Benchmark"*).

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.

Both asset allocation and security selection effects were positive during 2022. An allocation to relatively safer mortgages, a lower-than-Benchmark weighting to core bonds, and a higher-than-Benchmark weighting to Canadian equities aided relative returns within asset allocation. Meanwhile, better-than-index performance from the Educators Growth Fund and the Educators U.S. Equity Fund were the major drivers of outperformance from security selection.

Overall, the portfolio manager remains cautious, given ongoing macroeconomic uncertainty and moderating corporate earnings. As such, the Fund continues to hold a very modest preference for equities over fixed income. But this is expressed solely in Canadian stocks, which have better valuations and a less negative outlook

relative to other developed markets. For example, domestic equities exposure to commodities may help as China's re-opening stabilizes. Additionally, the Fund holds higher-than-Benchmark allocations to money market and mortgages for deployment, should market dislocations reveal attractive investment opportunities.

Recent Developments

The high and sustained inflation numbers that prompted sharp central policy actions a year ago have begun to moderate in both the U.S. and Canada. However, more persistence in the trend is likely needed before central bank officials are convinced that pricing pressures are returning back to their 2% year-over-year target. Overall, the portfolio manager expects tight financial conditions to persist for at least the first half of 2023. The current consensus for the 2023 peak in policy rates is 5.0% to 5.25% for the U.S. Federal Reserve (*50 to 75 basis points higher than today*) and 4.5% to 4.75% for the Bank of Canada. As a result, the portfolio manager expects a recession among developed economies, with the Canadian economy potentially seeing a mild downturn.

Nonetheless, on a constructive note, the challenging environment experienced in 2022 has resulted in materially improved valuations in both equity and fixed income markets at the outset of 2023. Should the global economy slowdown prove to be relatively mild and brief, with earnings staying resilient for the full year, return potentials could look more promising for 2023 relative to the past 12 months.

Related Party Transactions

Pursuant to the Fund's investment strategies included in the Fund's Simplified Prospectus, the Fund may invest in other mutual funds and for the period has invested in various HSBC Funds which are funds managed by the Fund's Portfolio Manager. Please refer to the "Top Holdings" in the Summary of Investment Portfolio section of this report.

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.



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 years since inception. Currently Class I units of the Fund are not being offered to purchase by retail investors.

Educators Monitored Conservative Portfolio – Class A Series – Net Assets per Unit⁽¹⁾

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$10.78	\$10.56	\$10.28	\$9.59	\$10.00
Increase (decrease) from operations:					
Total revenue	\$0.28	\$0.25	\$0.31	\$0.31	\$0.29
Total expenses, including transaction costs [excluding distributions]	(\$0.16)	(\$0.18)	(\$0.17)	(\$0.17)	(\$0.16)
Realized gains (losses) for the period	(\$0.05)	\$0.27	\$0.15	\$0.04	\$0.08
Unrealized gains (losses) for the period	(\$1.09)	\$0.13	\$0.25	\$0.49	(\$1.45)
Total increase (decrease) from operations⁽²⁾	(\$1.02)	\$0.47	\$0.54	\$0.67	(\$0.24)
Distributions:					
From net investment income (excluding dividends)	\$0.10	\$0.06	\$0.10	\$0.11	\$0.09
From dividends	\$0.02	\$0.02	\$0.03	\$0.02	\$0.02
From capital gains	\$0.03	\$0.15	\$0.09	\$0.01	\$0.07
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions⁽³⁾	\$0.15	\$0.23	\$0.22	\$0.14	\$0.18
Net Assets, end of year/period	\$9.61	\$10.78	\$10.56	\$10.28	\$9.59

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2022	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$68,405	\$75,899	\$52,058	\$38,169	\$11,062
Number of units outstanding ⁽⁴⁾	7,118,695	7,038,614	4,930,760	3,711,910	1,153,112
Management expense ratio ⁽⁵⁾	1.64%	1.64%	1.64%	1.64%	1.65%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.64%	1.64%	1.64%	1.64%	1.65%
Trading expense ratio ⁽⁷⁾	--	--	--	--	--
Portfolio turnover rate ⁽⁸⁾	19.26%	14.19%	12.84%	8.73%	16.07%
Net Asset Value per unit	\$9.61	\$10.78	\$10.56	\$10.28	\$9.59



EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

Educators Monitored Conservative Portfolio – Class I Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$--	\$10.72	\$10.44	\$9.70	\$10.00
Increase (decrease) from operations:					
Total revenue	\$--	\$--	\$0.32	\$0.28	\$0.22
Total expenses, including transaction costs [excluding distributions]	\$--	\$--	\$--	\$--	\$--
Realized gains (losses) for the period	\$--	\$--	\$0.18	\$0.03	\$0.07
Unrealized gains (losses) for the period	\$--	\$0.02	\$0.40	\$0.69	(\$0.37)
Total increase (decrease) from operations ⁽²⁾	\$--	\$0.02	\$0.90	\$1.00	(\$0.08)
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$0.24	\$0.22	\$0.15
From dividends	\$--	\$--	\$0.07	\$0.05	\$0.03
From capital gains	\$--	\$--	\$0.09	\$0.01	\$0.07
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$--	\$--	\$0.40	\$0.28	\$0.25
Net Assets, end of year/period	\$--	\$--	\$10.72	\$10.44	\$9.70

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31				
	2022	2021	2020	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$--	\$--	\$10	\$16	\$18
Number of units outstanding ⁽⁴⁾	--	--	911	1,558	1,821
Management expense ratio ⁽⁵⁾	--	--	0.01%	--	1.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	--	--	0.01%	--	1.01%
Trading expense ratio ⁽⁷⁾	--	--	--	--	--
Portfolio turnover rate ⁽⁸⁾	--	--	12.84%	8.73%	16.07%
Net Asset Value per unit	\$--	\$--	\$10.72	\$10.44	\$9.70



EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

Educators Monitored Conservative Portfolio – Class E Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31		
	2022	2021	2020
Net Assets, beginning of year/period	\$10.83	\$10.59	\$10.00
Increase (decrease) from operations:			
Total revenue	\$0.28	\$0.25	\$0.24
Total expenses, including transaction costs [excluding distributions]	(\$0.13)	(\$0.14)	(\$0.09)
Realized gains (losses) for the period	(\$0.05)	\$0.28	\$0.16
Unrealized gains (losses) for the period	(\$1.13)	\$0.12	\$0.52
Total increase (decrease) from operations ⁽²⁾	(\$1.03)	\$0.51	\$0.83
Distributions:			
From net investment income (excluding dividends)	\$0.13	\$0.08	\$0.12
From dividends	\$0.03	\$0.03	\$0.05
From capital gains	\$0.03	\$0.15	\$0.09
Return of capital	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.19	\$0.26	\$0.26
Net Assets, end of year/period	\$9.65	\$10.83	\$10.59

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31		
	2022	2021	2020
Total Net Asset Value (000's) ⁽⁴⁾	\$2,071	\$2,478	\$1,940
Number of units outstanding ⁽⁴⁾	214,619	228,857	183,074
Management expense ratio ⁽⁵⁾	1.32%	1.32%	1.32%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.32%	1.32%	1.32%
Trading expense ratio ⁽⁷⁾	--	--	--
Portfolio turnover rate ⁽⁸⁾	19.26%	14.19%	12.84%
Net Asset Value per unit	\$9.65	\$10.83	\$10.59



EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

Educators Monitored Conservative Portfolio – Class F Series – Net Assets per Unit ⁽¹⁾

	Year ended December 31	
	2022	2021
Net Assets, beginning of year/period	\$9.97	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.27	\$0.14
Total expenses, including transaction costs [excluding distributions]	(\$0.06)	(\$0.03)
Realized gains (losses) for the period	(\$0.05)	\$0.12
Unrealized gains (losses) for the period	(\$0.96)	\$0.02
Total increase (decrease) from operations ⁽²⁾	(\$0.80)	\$0.25
Distributions:		
From net investment income (excluding dividends)	\$0.16	\$0.06
From dividends	\$0.04	\$0.03
From capital gains	\$0.03	\$0.14
Return of capital	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.23	\$0.23
Net Assets, end of year/period	\$8.88	\$9.97

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31	
	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$6,724	\$5,889
Number of units outstanding ⁽⁴⁾	757,058	590,509
Management expense ratio ⁽⁵⁾	0.63%	0.62%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.63%	0.62%
Trading expense ratio ⁽⁷⁾	--	--
Portfolio turnover rate ⁽⁸⁾	19.26%	14.19%
Net Asset Value per unit	\$8.88	\$9.97

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. For financial year 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 1.45% for the Class A Series, 1.16% for the Class E Series and 0.55% for the Class F Series. The Class I Series is identical in all aspects 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 14.7% of the total management fees collected from all Series were used to pay for portfolio management services, with the remainder of the fees being allocated to custodial services, marketing, technology, and Manager-Trustee operating expenses.

PAST PERFORMANCE

General

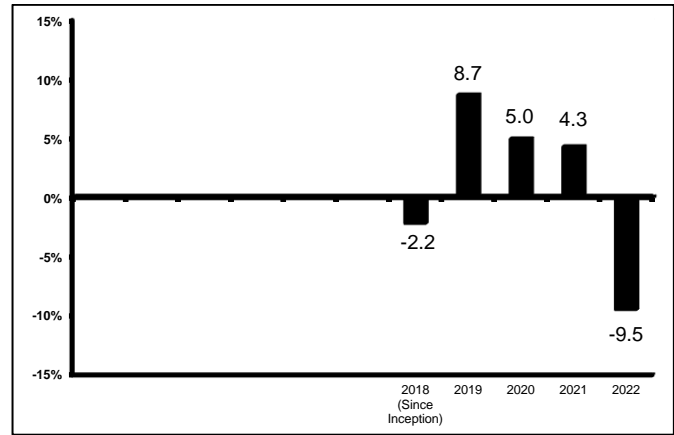
The Fund's performance information shown assumes that all distributions made by the Fund in the period(s) shown were reinvested in additional units of the Fund.

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.

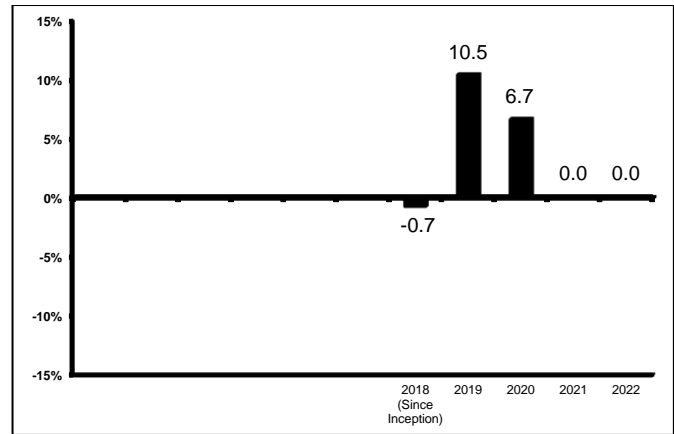
Year-by-Year Returns

The bar chart shows the Fund's annual performance since inception 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.

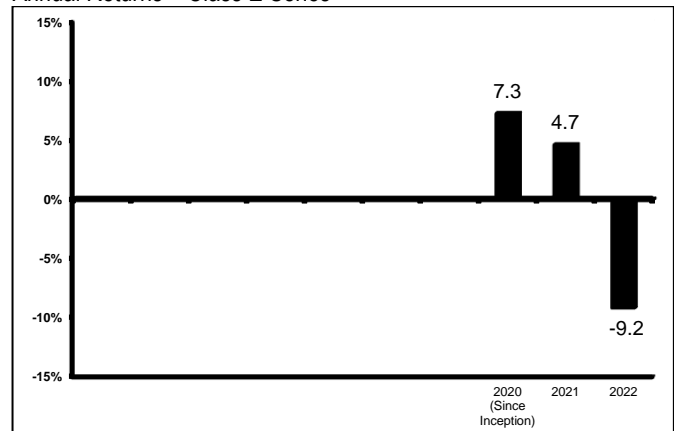
Annual Returns – Class A Series ⁽¹⁾



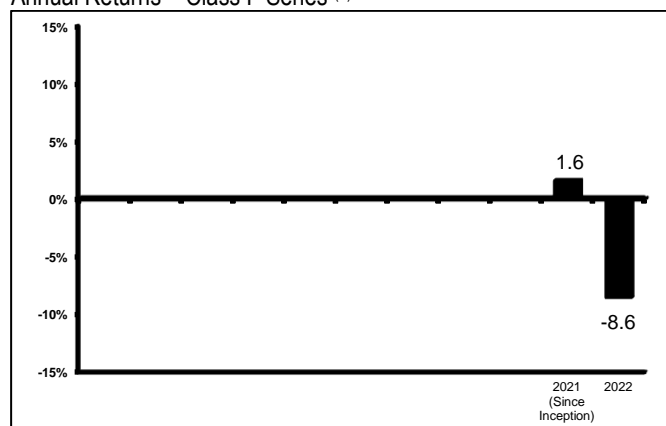
Annual Returns – Class I Series ⁽¹⁾



Annual Returns – Class E Series ⁽²⁾



Annual Returns – Class F Series ⁽³⁾



- (1) The Class A and Class I Series commenced operation January 4, 2018
 (2) The Class E Series commenced operation February 4, 2020
 (3) The Class F Series commenced operation May 14, 2021

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund with the performance of the blended Benchmark index comprised as follows: 5.5% MSCI EAFE Index C\$, a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada, 6.5% S&P 500 Index C\$, a stock market index based on the market capitalizations of 500 large companies having common stock listed on the New York Stock Exchange, 16.0% S&P/TSX Composite 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, 51.5% FTSE Canada Universe Bond Index, which is a broad measure of the total return of Canadian bonds that mature in more than one year 15.5% 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 and 5% FTSE Canada 91 Day T-Bill Index, which measures the performance attributable to 91-day Treasury Bills of the provincial and federal governments.

Educators Monitored Conservative Portfolio	1 Year	3 Year	5 Year	10 Year
Class A Series ¹	-9.49	-0.30	NA	NA
Class I Series ¹	0.00	2.18	NA	NA
Class E Series ²	-9.19	NA	NA	NA
Class F Series ³	-8.56	NA	NA	NA
Blended Benchmark	-8.63	1.02	NA	NA

¹ Since Inception (January 4, 2018)
² Since Inception (February 4, 2020)
³ Since Inception (May 14, 2021)

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, 2022

Sector Mix	Percentage of Net Asset Value
Canadian Mutual Fund	100.06 %
Cash and Cash Equivalents	(0.03) %
Net Other Assets (Liabilities)	(0.03) %

Top Holdings

Security Name	Percentage of Net Asset Value
Educators Bond Fund, Class I	38.14 %
HSBC Mortgage Fund, Institutional Series	17.39 %
Educators Dividend Fund, Class I	10.35 %
Educators U.S. Equity Fund, Class I	6.63 %
Educators Growth Fund, Class I	6.59 %
Educators Money Market Fund, Class I	6.59 %
HSBC Global High Yield Bond Pooled Fund	4.19 %
HSBC Emerging Markets Debt Fund, Institutional Series	3.76 %
HSBC International Equity Index Fund	2.12 %
HSBC International Equity Pooled Fund	2.02 %
HSBC Global Inflation Linked Bond Pooled Fund	1.33 %
HSBC Emerging Markets Equity Index Fund	0.49 %
HSBC Emerging Markets Pooled Fund	0.46 %

Total Net Assets (000's) \$77,200

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. Information about the holdings of the HSBC Funds owned by the Fund is contained in their simplified prospectus, annual information form and fund facts documents available on SEDAR at www.sedar.com.

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