

2022

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022

Offered by Educators Financial Group
Portfolio Manager:
Mawer Investment Management Ltd., Calgary, Alberta

Educators U.S. Equity Fund





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 U.S. Equity Fund (*the "Fund"*) is to provide long-term capital growth by investing primarily in common shares of established U.S. corporations and other equity securities of U.S. companies. The Fund may hedge all, or a portion of, the U.S. or other foreign currency exposure to protect the Fund's capital. 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 and Amendment No.1. 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 2.8% to \$127.3 million at the end of December 2022, up from \$123.9 million at the end of December 2021.

Investment Performance

For the year/period ending December 31, 2022 (*the "period"*) the Educators U.S. Equity Fund – Class A Series provided a negative return of 2.95% versus a Benchmark return of negative 12.59%. The Benchmark is the S&P 500 Total Return Index and comprised of 55% S&P/TSX Composite Total Return Index, 40% S&P 500 Total Return Index (*Canadian\$*), and 5% MSCI US Small Cap 1750 Index for periods prior to September 30, 2022 (*the "Benchmark"*).

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.

The period of elevated volatility that marked the first half of 2022 continued into the second half of the year, as markets reacted to a series of rate hikes by the U.S. Federal Reserve and its global peers. Persistently high inflation, along with the move by central banks to contain it through aggressive interest rate hikes (*regardless of the impact on the economy*), set off a wave of indiscriminate selling over the period. Pockets of valuation de-ratings in the U.S. became much more widespread, intensifying volatility as a clear sign that fundamentals are coming back in vogue after a long period of focusing on growth.

As measured by the S&P 500 Index, the U.S. equity market had much stronger returns in the fourth quarter, offering a reprieve from the turmoil that roiled markets previously—although December had the S&P 500 Index give back some of these gains. In the end, 2022 goes down as a difficult year for financial markets—dominated by

widespread inflation, higher interest rates, geopolitical tensions, and global growth concerns.

The top-performing sectors during the period relative to the Benchmark were Information Technology, Health Care, and Consumer Staples. Stock selection and an underweight position in Information Technology contributed to the Fund's relative performance. Information Technology was an area of relative weakness in the Benchmark. Stock selection and overweight positions in both Health Care and Consumer Staples contributed to the Fund's relative performance and were both areas of relative strength in the Benchmark.

From a sector perspective, the Fund's holdings in the Energy, Utilities, and Industrials sectors were the largest detractors from the Fund's relative performance over the period. Zero exposure to the outperforming Energy and Utilities sectors detracted from the Fund's relative performance. Stock selection in Industrials and Consumer Staples both detracted from the Fund's relative performance, in addition to an overweight position in Consumer Staples, an area of relative strength in the Benchmark.

Recent Developments

As announced on August 24, 2022, effective October 1, 2022, Beutel, Goodman & Company Ltd. ceased to act as the Fund's portfolio manager and Mawer Investment Management Ltd. (*"Mawer"*) was appointed as the Fund's portfolio manager pursuant to an investment advisory agreement dated August 24, 2022 between Educators Financial Group and Mawer. As a result of the change, the investment strategies of the Fund were revised to focus on passively investing a portion of the Fund's assets in specified exchange-traded fund(s) that track the S&P 500 Total Return Index and actively investing the remaining portion of the Fund's.

There is little doubt that 2022 was a tough year for markets and the path central banks take in 2023 is still up for debate, as inflation remains high, global growth appears to be slowing, and the employment market remains resilient. Further complicating matters, yield curves are inverted, which historically has been a reliable indicator of recessions. As valuations deteriorated since the beginning of 2022 with just a handful of technology companies, it spread to a much more broad-based impact by the end of the year. As such, dominant franchises that are involved in the sale of various capital goods (*particularly within Industrials and Consumer Discretionary holdings*) are incorporating deep recession scenarios into their earnings outlooks and valuations. However, despite expectations of further volatility in these segments, valuations and earnings expectations are currently quite low, which limits further downside risk relative to the upside capture potential.

Gravity was restored to the system in 2022, as discount rates increased. While this adjustment process, along with its impact on valuations can be volatile and difficult, it is the view of the portfolio



manager that returns will be driven more directly by company fundamentals. Further, in times when emotions run high, it remains especially critical to guard most fiercely against temptations to stray from a sound investment philosophy and process. The Fund continues to focus on buying wealth-creating companies with excellent management teams, trading at a discount to the portfolio manager's estimate of intrinsic value.

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.

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

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$21.02	\$21.10	\$21.28	\$17.64	\$18.59
Increase (decrease) from operations:					
Total revenue	\$0.46	\$0.49	\$1.12	\$0.51	\$0.45
Total expenses, including transaction costs [excluding distributions]	(\$0.47)	(\$0.53)	(\$0.58)	(\$0.48)	(\$0.43)
Realized gains (losses) for the period	\$1.11	\$3.21	\$1.43	\$0.72	\$0.84
Unrealized gains (losses) for the period	(\$1.72)	(\$0.61)	(\$0.46)	\$3.06	(\$1.19)
Total increase (decrease) from operations ⁽²⁾	(\$0.62)	\$2.56	\$1.51	\$3.81	(\$0.33)
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$0.05	\$0.01
From dividends	\$0.01	\$0.04	\$0.58	\$--	\$--
From capital gains	\$0.77	\$2.56	\$1.14	\$0.12	\$0.58
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.78	\$2.60	\$1.72	\$0.17	\$0.59
Net Assets, end of year/period	\$19.63	\$21.02	\$21.10	\$21.28	\$17.64

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⁾	\$101,548	\$109,552	\$102,683	\$103,370	\$92,385
Number of units outstanding ⁽⁴⁾	5,172,818	5,210,914	4,866,727	4,858,227	5,237,316
Management expense ratio ⁽⁵⁾	1.94%	1.98%	1.98%	1.97%	1.93%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.94%	1.98%	1.98%	1.98%	1.98%
Trading expense ratio ⁽⁷⁾	0.05%	0.04%	0.05%	0.03%	0.04%
Portfolio turnover rate ⁽⁸⁾	153.41%	38.23%	36.22%	16.05%	29.27%
Net Asset Value per unit	\$19.63	\$21.02	\$21.10	\$21.28	\$17.64



EDUCATORS U.S. EQUITY FUND

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

	Year ended December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year/period	\$11.37	\$11.37	\$11.37	\$9.42	\$10.00
Increase (decrease) from operations:					
Total revenue	\$0.26	\$0.26	\$0.56	\$0.27	\$0.24
Total expenses, including transaction costs [excluding distributions]	(\$0.04)	(\$0.04)	(\$0.09)	(\$0.05)	(\$0.04)
Realized gains (losses) for the period	\$0.56	\$1.84	\$0.82	\$0.39	\$0.57
Unrealized gains (losses) for the period	(\$1.15)	\$0.07	(\$0.07)	\$1.63	(\$0.98)
Total increase (decrease) from operations ⁽²⁾	(\$0.37)	\$2.13	\$1.22	\$2.24	(\$0.21)
Distributions:					
From net investment income (excluding dividends)	\$--	\$--	\$--	\$0.24	\$0.03
From dividends	\$0.21	\$0.14	\$0.43	\$--	\$--
From capital gains	\$0.42	\$1.46	\$0.61	\$0.07	\$0.36
Return of capital	\$--	\$--	\$--	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.63	\$1.60	\$1.04	\$0.30	\$0.39
Net Assets, end of year/period	\$10.62	\$11.37	\$11.37	\$11.37	\$9.42

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⁾	\$20,549	\$11,525	\$16,295	\$12,591	\$5,207
Number of units outstanding ⁽⁴⁾	1,934,847	1,013,368	1,433,533	1,107,668	552,851
Management expense ratio ⁽⁵⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%	0.01%	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	0.05%	0.04%	0.05%	0.03%	0.04%
Portfolio turnover rate ⁽⁸⁾	153.41%	38.23%	36.22%	16.05%	29.27%
Net Asset Value per unit	\$10.62	\$11.37	\$11.37	\$11.37	\$9.42



EDUCATORS U.S. EQUITY FUND

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

	Year ended December 31	
	2022	2021
Net Assets, beginning of year/period	\$8.75	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.19	\$0.10
Total expenses, including transaction costs [excluding distributions]	(\$0.10)	(\$0.05)
Realized gains (losses) for the period	\$0.43	\$0.53
Unrealized gains (losses) for the period	(\$0.68)	(\$0.50)
Total increase (decrease) from operations ⁽²⁾	(\$0.16)	\$0.08
Distributions:		
From net investment income (excluding dividends)	\$--	\$--
From dividends	\$0.11	\$--
From capital gains	\$0.32	\$1.13
Return of capital	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.43	\$1.13
Net Assets, end of year/period	\$8.16	\$8.75

Ratios and Supplemental Data (based on Net Asset Value)

	Year ended December 31	
	2022	2021
Total Net Asset Value (000's) ⁽⁴⁾	\$5,191	\$2,786
Number of units outstanding ⁽⁴⁾	636,193	318,311
Management expense ratio ⁽⁵⁾	0.80%	0.84%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.80%	0.84%
Trading expense ratio ⁽⁷⁾	0.05%	0.04%
Portfolio turnover rate ⁽⁸⁾	153.41%	38.23%
Net Asset Value per unit	\$8.16	\$8.75

⁽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 1.60%* for the Class A Series and 0.60%* 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.

* As a result of the change in the portfolio manager, effective October 1, 2022, the management fee of the Class A Units of the Fund was reduced from 1.75% to 1.60% and the management fee of the Class F Units of the Fund was reduced from 0.75% to 0.60%.

The Fund is responsible for paying any applicable tax owing on its management fee.

Approximately 22.2% 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

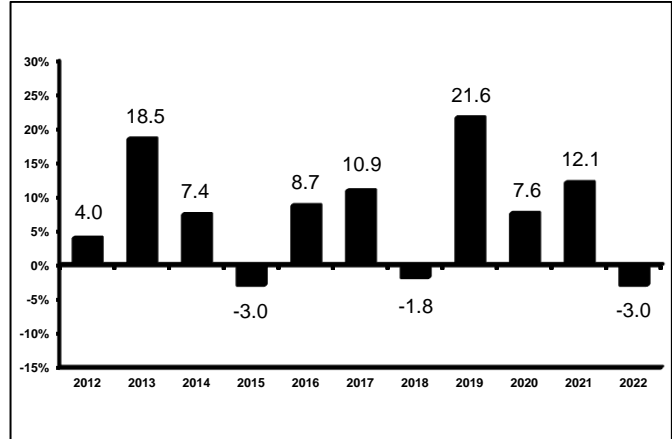
The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

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.

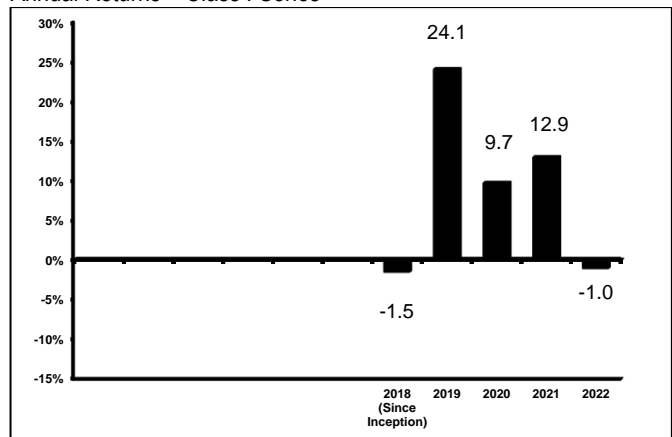
Year-by-Year Returns

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



EDUCATORS U.S. EQUITY FUND

Annual Compound Returns

The following table compares the historical annual compound returns of the Fund with the performance of the blended Benchmark index until September 30, 2022 comprised as follows: 55% S&P/TSX Composite Total Return 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, 40% S&P 500 Total Return Index (Canadian\$), a stock market index based on the market capitalizations of 500 large companies having common stock listed on the New York stock exchange, and 5% MSCI US Small Cap 1750 Index, a composite index designed to measure the performance of the small capitalization companies in the United States equities market. From October 1, 2022 100% S&P 500 Total Return Index. The index represents roughly 12% of the free float adjusted market capitalization in the U.S. equities market.

Educators U.S. Equity Fund	1 Year	3 Year	5 Year	10 Year
Class A Series	-2.95	5.38	6.92	7.60
Class F Series ¹	-1.83	NA	NA	NA
Class I Series ²	-1.01	5.68	NA	NA
Blended Benchmark	-12.59	8.72	10.56	11.63
S&P 500 Index	-12.59	8.72	10.56	15.41

¹ Since Inception (May 14, 2021)

² Since Inception (January 4, 2018)

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
Exchange Traded Funds	69.36 %
Information Technology	7.38 %
Financials	6.00 %
Health Care	5.12 %
Industrials	3.68 %
Consumer Staples	2.08 %
Communication Services	1.71 %
Materials	1.42 %
Consumer Discretionary	1.26 %
Short-term investments	0.66 %
Utilities	0.57 %
Energy	0.50 %
Net Other Assets (Liabilities)	0.21 %
Cash and Cash Equivalents	0.05 %

Top 25 Holdings

Security Name	Percentage of Net Asset Value
Vanguard S&P 500 Index ETF	69.36 %
Marsh & McLennan Cos Inc.	1.39 %
Microsoft Corp.	1.30 %
Amphenol Corp.	1.30 %
Visa Inc.	1.19 %
Procter & Gamble Co.	1.06 %
UnitedHealth Group Inc.	1.02 %
Waters Corp.	1.00 %
Alphabet Inc.	0.98 %
Becton Dickinson and Co.	0.94 %
Arthur J Gallagher & Co.	0.93 %
Verisk Analytics Inc.	0.91 %
Johnson & Johnson	0.90 %
Paychex Inc.	0.81 %
CME Group Inc.	0.80 %
IAA Inc.	0.78 %
AMETEK Inc.	0.71 %
JPMorgan Chase & Co.	0.65 %
Cognizant Technology Solutions Corp.	0.59 %
Mastercard Inc.	0.53 %
Sherwin-Williams Co.	0.52 %
Amazon.com Inc.	0.51 %
Canadian Treasury Bill, 4.28%, March 30, 2023	0.50 %
State Street Corp.	0.50 %
Linde PLC	0.50 %
Total Net Assets (000's)	\$127,287

The top 25 holdings represent approximately 89.68% of the total net assets of the Fund.

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.

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