



Amendment No. 1 dated October 3, 2023 to the simplified prospectus dated May 16, 2023, of the following mutual fund:

**EDUCATORS DIVIDEND FUND**

(the “Fund”)

The simplified prospectus of the Fund dated May 16, 2023 (the “**Prospectus**”) is hereby amended and is to be read subject to the additional information set forth below. In all other respects, the disclosure in the Prospectus is not revised. All capitalized terms not defined herein have the respective meanings set out in the Prospectus.

**CHANGE OF PORTFOLIO ADVISER**

Effective on or about October 3, 2023, 1832 Asset Management L.P (“**1832**”) will be appointed as the new portfolio adviser of the Fund pursuant to an investment advisory agreement (the “**Agreement**”) between 1832 and Educators Financial Group Inc., the manager of the Fund. There is no change to the investment objective of the Fund. The Fund continues to seek to provide investors with a stable and growing stream of after-tax income with long-term capital growth.

**PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or Fund Facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, Fund Facts or financial statements misrepresent any facts about a fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or consult a lawyer.

**CERTIFICATE OF THE FUND, THE MANAGER AND PROMOTER**

Dated the 3<sup>rd</sup> day of October, 2023

This Amendment No. 1 dated October 3, 2023 to the simplified prospectus dated May 16, 2023, and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of Ontario and British Columbia and do not contain any misrepresentations.

*(Signed) "Charles Hamilton"*

*(Signed) "Nicholas Hrebicek"*

Charles Hamilton

Nicholas Hrebicek

President and Chief Executive Officer of Educators Financial Group Inc., as Manager, Trustee and promoter of the Fund

Chief Financial Officer of Educators Financial Group Inc., as Manager, Trustee and promoter of the Fund

On behalf of the Board of Directors of Educators Financial Group Inc. as Manager, Trustee and promoter of the Fund

*(Signed) "Rhonda Kimberley-Young"*

*(Signed) "James Spray"*

Rhonda Kimberley-Young

James Spray

Director

Director

## CERTIFICATE OF THE FUND'S PRINCIPAL DISTRIBUTOR

Dated the 3<sup>rd</sup> day of October, 2023

To the best of our knowledge, information and belief, this Amendment No. 1 dated October 3, 2023 to the simplified prospectus dated May 16, 2023, and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of Ontario and British Columbia and do not contain any misrepresentations.

*(Signed) "Charles Hamilton"*

*(Signed) "Nicholas Hrebicek"*

Charles Hamilton

Nicholas Hrebicek

Chief Executive Officer of Educators Financial Group Inc., as principal distributor of the Fund

Chief Financial Officer of Educators Financial Group Inc., as principal distributor of the Fund

On behalf of the Board of Directors of Educators Financial Group Inc. as principal distributor of the Fund

*(Signed) "Rhonda Kimberley-Young"*

*(Signed) "James Spray"*

Rhonda Kimberley-Young

James Spray

Director

Director

*No securities regulatory authority has expressed an opinion about these securities, and it is an offence to claim otherwise.*



**EDUCATORS FINANCIAL GROUP INC.  
NO LOAD MUTUAL FUNDS**

**SIMPLIFIED PROSPECTUS**  
dated May 16, 2023

Relating to an Offering of Class A units, Class I units and Class F units in

**EDUCATORS BALANCED FUND  
EDUCATORS BOND FUND  
EDUCATORS DIVIDEND FUND  
EDUCATORS GROWTH FUND  
EDUCATORS MONEY MARKET FUND  
EDUCATORS MONTHLY INCOME FUND  
EDUCATORS MORTGAGE & INCOME FUND  
EDUCATORS U.S. EQUITY FUND  
EDUCATORS MONITORED AGGRESSIVE PORTFOLIO  
EDUCATORS MONITORED BALANCED PORTFOLIO  
EDUCATORS MONITORED CONSERVATIVE PORTFOLIO  
EDUCATORS MONITORED GROWTH PORTFOLIO**

(each a "Fund" and together, the "Funds")

Relating to an Offering of Class E units in

**EDUCATORS BALANCED FUND  
EDUCATORS MONITORED AGGRESSIVE PORTFOLIO  
EDUCATORS MONITORED BALANCED PORTFOLIO  
EDUCATORS MONITORED CONSERVATIVE PORTFOLIO  
EDUCATORS MONITORED GROWTH PORTFOLIO**

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## **PART A: GENERAL INFORMATION ABOUT THE FUNDS**

### **INTRODUCTION**

This simplified prospectus contains selected important information to help you make an informed decision about investing in the funds (the “Funds”) managed by Educators Financial Group Inc. (“Educators Financial Group” or the “Manager”) and to help you understand your rights as an investor in the Funds. Certain of the Funds, namely the Educators Balanced Fund, Educators Bond Fund, Educators Dividend Fund, Educators Growth Fund, Educators Money Market Fund, Educators Monthly Income Fund, Educators Mortgage & Income Fund and Educators U.S. Equity Fund, invest directly in securities such as stocks and bonds. Other Funds, namely the Educators Monitored Aggressive Portfolio, Educators Monitored Balanced Portfolio, Educators Monitored Conservative Portfolio and Educators Monitored Growth Portfolio (the “Portfolio Funds”), invest in other mutual funds and exchange-traded funds.

This document is divided into two parts:

- Part A, from pages 1 to 37, contains general information about all the Funds.
- Part B, from pages 38 to 96, contains specific information about each individual Fund.

Additional information about each Fund is available in the following documents:

- the most recently filed Fund Facts for each Fund;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual report of fund performance.

**These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get copies of these documents, at no cost, by calling us toll free at 1-800-263-9541, or from your dealer.**

These documents and other information about the Funds are available on the Funds’ designated website at [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca), or by contacting the Manager at [info@educatorsfinancialgroup.ca](mailto:info@educatorsfinancialgroup.ca). These documents and other information about the Funds are also available at [www.sedar.com](http://www.sedar.com).

### **RESPONSIBILITY FOR MUTUAL FUND ADMINISTRATION**

#### **The Manager and Trustee**

Educators Financial Group, a wholly owned subsidiary of the Ontario Secondary School Teachers’ Federation (“O.S.S.T.F.”), is the manager, trustee, promoter and principal distributor of each Fund. The Manager is responsible for providing the administrative services required by the

Funds under the Declaration of Trust (as defined herein). The principal office of the Manager is 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario M2J 5C2.

### **Directors and Executive Officers of the Manager**

The names, municipalities of residence, and principal occupation during the last five years of the directors and executive officers of Educators Financial Group and the positions and offices held with it are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
James Spray Port Perry, Ontario	Director	Chief Financial Officer/Associate General Secretary, Operational Services, O.S.S.T.F.
Rhonda Kimberley-Young Sharbot Lake, Ontario	Chair and Director	Independent Director, formerly Secretary-Treasurer, Ontario Teachers Federation (Retired)
Janet Dalicandro Toronto, Ontario	Director	Independent Director, formerly President and Co-founder, Enrichment Enterprises Inc. (Retired)
Catherine Welling Thornbury, Ontario	Director	Independent Corporate Director, formerly SVP, Scotiabank (Retired)
Kumudini Somaskandan Toronto, Ontario	Director	Global Head of Sponsor Processing, Manulife, formerly Managing Director, RBC Investor & Treasury Services, Managing Director, Citco (Canada) Inc.
Peter von Schilling Richmond Hill, Ontario	Director	Independent Corporate Director & Private Investor, formerly Advisor, Polar Asset Management Partners Inc. (Retired)
Chris Goodsir Toronto, Ontario	Director	General Secretary, O.S.S.T.F.
Charles Hamilton Ottawa, Ontario	Chief Executive Officer and Ultimate Designated Person	Chief Executive Officer, Educators Financial Group

Nicholas Hrebicek Burlington, Ontario	Chief Financial Officer	Chief Financial Officer, Educators Financial Group, formerly Managing Director, CPP Investments, Head of Finance, Manulife Investment Management.
Mike Hannikainen Markham, Ontario	Chief Compliance Officer	Chief Compliance Officer, Educators Financial Group, formerly Project Leader, Compliance Officer Educators Financial Group.

### Portfolio Advisers

The portfolio advisers for the Funds are:

<b>Fund</b>	<b>Portfolio Adviser</b>
Money Market Fund Monthly Income Fund Growth Fund	Fiera Capital Corporation (“Fiera Capital”)
Mortgage & Income Fund Aggressive Portfolio Balanced Portfolio Conservative Portfolio Growth Portfolio	HSBC Global Asset Management (Canada) Limited (“HSBC”)
Dividend Fund	BMO Asset Management Inc. (“BMO AM”)
Balanced Fund Bond Fund	Beutel, Goodman & Company Ltd. (“Beutel Goodman”)
U.S. Equity Fund	Mawer Investment Management (“Mawer”)

BMO AM has been retained pursuant to a portfolio management agreement dated as of January 10, 2018, as may be supplemented, amended and/or amended and restated from time to time; HSBC has been retained pursuant to an amended and restated investment management agreement dated as of January 2, 2018, as may be further supplemented, amended and/or amended and restated from time to time; Fiera Capital has been retained pursuant to an amended and restated portfolio advisory agreement dated as of March 24, 2021, as may be further supplemented, amended and/or amended and restated from time to time; Beutel Goodman has been retained pursuant to an amended and restated investment advisory agreement dated as of November 27, 2019, as may be further supplemented, amended and/or amended and restated from time to time; and Mawer has been retained pursuant to an investment advisory agreement dated as of August 24, 2022, as may be further supplemented, amended and/or amended and restated from time to time (collectively, the “Advisory Agreements”).



The Advisory Agreement with BMO AM may be terminated by either party on 60 days prior notice; the Advisory Agreement with HSBC may be terminated by either party on 30 days prior notice, and is subject to earlier termination upon the occurrence of certain events of bankruptcy or default or regulatory enforcement proceedings; the Advisory Agreement with Fiera Capital may be terminated by either party on 60 days prior notice, and is subject to earlier termination upon the occurrence of certain events of bankruptcy or default or regulatory enforcement proceedings; the Advisory Agreement with Beutel Goodman may be terminated by either party on 90 days prior notice, and is subject to earlier termination upon the occurrence of certain events of bankruptcy or default or there is a change to a Fund's investment objectives or restrictions that Beutel Goodman does not accept or if the Manager does not accept a change thereto proposed by Beutel Goodman; and the Advisory Agreement with Mawer may be terminated by either party on 90 days prior notice, and is subject to earlier termination upon the occurrence of certain events of bankruptcy or default or there is a change to a Fund's investment objectives or restrictions that Mawer does not accept. Educators Financial Group shall not give notice of termination to a portfolio adviser unless a successor has been selected.

The Advisory Agreements generally include customary provisions for advisory agreements of this nature including a right of the portfolio advisers to appoint sub-advisers, compliance by the portfolio advisers with applicable laws and the required statutory standard of care, exculpatory provisions, cross-indemnities, maintenance of books and records, and confidentiality provisions.

The name, title and business experience of the persons who are principally responsible for the day-to-day management of the Funds' portfolio assets are as follows:

<b>Fund</b>	<b>Name of Person Responsible for the Fund</b>	<b>Title and Length of Service with the Portfolio Adviser</b>	<b>Business Experience in the Last Five Years</b>
Balanced Fund	Colin Ramkissoon	Vice President, U.S. and International Equities, Beutel, Goodman & Company Ltd.  11 years	Vice President, U.S. and International Equities, Beutel, Goodman & Company Ltd.
Bond Fund	David Gregoris	Managing Director, Fixed Income, Beutel, Goodman & Company Ltd.  31 years	Managing Director, Fixed Income, Beutel, Goodman & Company Ltd.
Dividend Fund	Phillip Harrington	Director & Portfolio Manager, Canadian Fundamental Equities, BMO Asset Management Inc.  11 years	Vice President & Portfolio Manager, Canadian Fundamental Equities, BMO Asset Management Inc.

<b>Fund</b>	<b>Name of Person Responsible for the Fund</b>	<b>Title and Length of Service with the Portfolio Adviser</b>	<b>Business Experience in the Last Five Years</b>
	Lutz Zeitler	Managing Director & Head, Canadian Fundamental Equities, BMO Asset Management Inc.  11 years	Vice President & Portfolio Manager, Canadian Fundamental Equities, BMO Asset Management Inc.
Growth Fund	Nessim Mansoor	Head of Canadian Large Cap Equities, Fiera Capital Corporation  6 years	Head of Canadian Large Cap Equities, Fiera Capital Corporation, Vice President & Senior Portfolio Manager, Fiera Capital Corporation
Money Market Fund	Frédéric Bérubé	Vice-President & Money Market Portfolio Manager, Fiera Capital Corporation  20 years	Portfolio Manager, Money Market, Fiera Capital Corporation, Vice-President & Money Market Portfolio Manager, Fiera Capital Corporation
Monthly Income Fund	Nessim Mansoor	Head of Canadian Large Cap Equities, Fiera Capital Corporation  6 years	Head of Canadian Large Cap Equities, Fiera Capital Corporation, Vice President & Senior Portfolio Manager, Fiera Capital Corporation
Mortgage & Income Fund	Andrew Sage	Head of Fixed Income, HSBC Global Asset Management (Canada) Limited  3 years	Managing Director, Treasury and Portfolio Management, Central 1 Credit Union
Aggressive Portfolio, Balanced Portfolio, Conservative Portfolio and Growth Portfolio	Jim Huggan	Chief Investment Officer, HSBC Global Asset Management (Canada) Ltd.  23 years	Chief Investment Officer, HSBC Global Asset Management (Canada) Ltd.

<b>Fund</b>	<b>Name of Person Responsible for the Fund</b>	<b>Title and Length of Service with the Portfolio Adviser</b>	<b>Business Experience in the Last Five Years</b>
U.S. Equity Fund	Grayson Witcher	Portfolio Manager, U.S. Equity, Mawer Investment Management Ltd.  17 years	Portfolio Manager, Mawer Investment Management Ltd.
	Colin Wong	Portfolio Manager, U.S. Equity, Mawer Investment Management Ltd.  7 years	Portfolio Manager, Mawer Investment Management Ltd.

### **Brokerage Arrangements**

Brokerage fees are usually paid at the most favourable rates available to a Fund. When allocating trades to brokers, a portfolio adviser considers the quality of research provided, the commission cost and the ability of the broker to execute the trade.

### ***BMO AM***

Decisions regarding the purchase and sale of portfolio securities for the Dividend Fund are made by BMO AM, taking into consideration the particular investment objectives, investment strategies and policies of the Dividend Fund.

BMO AM allocates brokerage business to dealers based on quality of service and the terms offered for specific transactions including price, volume, speed and certainty of execution, the competitiveness of commission terms and prices, the range of services and the quality of research provided and total transaction cost. The process for allocation of brokerage business is the same as described above for dealers that are affiliated entities.

BMO AM has no ongoing contractual arrangements with any brokers with respect to securities transactions.

BMO AM maintains a list of brokers it has approved to effect securities transactions on behalf of the Dividend Fund. When determining whether a broker should be added to that list there are numerous factors that are considered, including: (a) with respect to trading: (i) level of service; (ii) response time; (iii) availability of securities (liquidity); (iv) account management; (v) idea generation; and (vi) access to alternative markets/liquidity pools; (b) with respect to research: (i) proprietary research reports; (ii) industry knowledge; (iii) access to analysts; and (iv) access to staff; (c) with respect to personnel: (i) back office support; and (ii) sales contacts; and (d) with respect to infrastructure: (i) trade settlement; (ii) confirmations; and (iii) reporting.

BMO AM monitors approved brokers on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services. In conducting this analysis, BMO AM considers the use of the goods and services, execution quality in terms of trade impact and the

ability to achieve the target benchmark price, as well as the amount of brokerage commissions paid relative to other brokers and the market in general. The selection and monitoring processes are the same regardless of whether the broker is affiliated with BMO AM or is an unrelated third party.

In addition to order execution goods and services, dealers or third parties may provide research goods and services, which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of the securities. Such research goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event of the provision of a good or service that contains an element that is neither research goods and services nor order execution goods and services (“mixed-use goods and services”), such as data analysis, software applications and data feeds, brokerage commissions will only be used to pay for the portion of such goods and services which would qualify as either research goods and services or order execution goods and services. BMO AM would itself pay for the remainder of the costs of such mixed-use goods and services. Records detailing the payment allocations will be kept.

BMO AM makes a good faith determination that the Dividend Fund, on whose behalf it directs to a dealer any brokerage transactions involving client brokerage commissions, in return for research and order execution goods and services from such dealer or third party, receives reasonable benefit, considering both the use of the goods or services and the amount of the client brokerage commissions paid, by conducting extensive trade cost analyses.

Research and order execution goods and services may benefit not only the Dividend Fund whose trades generated the brokerage commission but may also benefit other funds and clients to whom BMO AM provides advice. Such research and order execution goods and services may also be shared with affiliates of BMO AM. Similarly, the Dividend Fund may benefit from research and order execution goods and services obtained with brokerage commissions generated by client accounts of affiliates of BMO AM. There are policies and procedures in place to ensure that, over a reasonable period of time, all clients, including the Dividend Fund, receive a fair and reasonable benefit in return for the commissions generated.

Since the date of the last simplified prospectus of the Dividend Fund, no affiliated companies have provided investment decision making services in the nature of research analysis and reports concerning securities and portfolio strategies and statistical or other similar services to BMO AM in return for the allocation of brokerage transactions. Since the date of the last simplified prospectus of the Dividend Fund, services other than order execution provided to BMO AM by non-affiliated dealers and third parties in return for the allocation of brokerage transactions have included research, market data subscriptions, and economic analysis.

### ***Beutel Goodman***

Beutel Goodman recognizes that all brokerage is the property of and must be used exclusively for the benefit of the client.

Payments in soft dollars will only be made to acquire products or services which directly assist Beutel Goodman in its order execution or research and decision-making services. Eligible

research goods and services means advice relating to the value of a security or the advisability of effecting a security transaction or report concerning a security, portfolio strategy, issuer, industry or economic or political factor or trend. The types of such research goods or services that might be provided include advice, analyses and reports, databases and software related to investments and provided or used before an adviser makes an investment or trading decision. Order execution goods and services may include order management systems (to the extent they effect a securities transaction), algorithmic trading software (if assist in order execution) and custody, clearing and settlement services directly related to an executed order that generated commissions.

No product or service designed to assist in the management of the firm will be secured through soft dollar payments.

Brokerage generated from a client account will not be used to pay for a product or service purchased under another client's directed brokerage arrangement.

When selecting brokers to execute transactions, priority will always be given to the most efficient execution at minimum transaction cost. In selecting brokers, Beutel Goodman considers the capabilities of the broker to provide best execution, the broker's financial responsibility, and responsiveness to the firm, commission or spread involved and the range of services offered.

Soft dollar commissions are limited to 25% of total commissions generated.

### ***Fiera Capital***

Trading for investment strategies at Fiera Capital is primarily done directly with brokerage firms and sometimes through electronic trading systems. Fiera Capital's traders strive to minimize market impact and commission costs.

Fiera Capital will maintain procedures for determining which brokers and counterparties will be selected for use in specific purchase or sale transactions. These procedures will determine which brokers and counterparties are selected and will evaluate qualitative criteria that can include, but is not limited to: trading capabilities, including execution speed and ability to provide liquidity, commissions and/or fees both in aggregate and on a per share basis, use of technology and other special services, responsiveness, reliability and integrity, and the nature and value of the research provided.

Fiera Capital will maintain approval procedures for all broker and counterparty relationships. These procedures will determine whether brokers and counterparties may be considered for use in purchasing or selling securities and will evaluate quantitative criteria that can include, but are not limited to: perceived firm creditworthiness, verification of the ability to trade, and legal and regulatory history or issues.

Trades are allocated on a pro-rata basis. To ensure that trade allocation at Fiera Capital is consistent and fair to all clients, Fiera Capital has adopted a Trade Allocation Fairness Policy.

This policy also applies to "block orders" (i.e. when the order for one client is entered concurrently with orders of other clients) and "bunch orders" (i.e. where the order is for a basket of securities for one or more clients' accounts) and as well in the event of a partial fill, Fiera Capital does not include orders for its own account and/or its employees' account.

Under certain circumstances, pro-rata allocation may not be the most fair and reasonable method of allocation, for example, when portfolios have similar objectives and constraints but with important differences in terms of industry focus, market capitalization restraints, specific geographic focus, risk profile, cash flow situations. However, no client's portfolio will be systematically favoured through trade allocation at the expense of another. This standard applies equally to all accounts, regardless of the fee calculation process.

## **HSBC**

HSBC, including any sub-advisors appointed for the funds, have the discretion to select any dealers that HSBC reasonably expect can obtain the best price (including all transaction costs) and execution for the funds. HSBC will consider the factors that HSBC deem relevant in selecting a broker and assessing the best overall terms available for any transaction which include the breadth of the market of the security, the price of the security, the financial condition and execution capability of the dealer, and the total transaction costs. This process does not differ where the dealer is an affiliated entity.

HSBC may consider dealers who in addition to providing order execution services, also provide goods and services (or arranges for a third party to provide the goods and services) but only if HSBC believe that such services can be obtained in a manner and to an extent consistent with the obligation to obtain best net price and execution. There are two types of goods and services for which HSBC may direct brokerage commissions to certain dealers: 1) research goods and services which assist in investment decision-making and 2) order execution goods and services which includes the actual execution of the order itself and good and services to the extent that it is directly related to order execution. Research goods and services may be provided to HSBC in the form of investment data, written reports, computer generated reports or databases, telephone contacts and in-person meetings with security analysts. Examples may include general economic, industry or issuer reports or investment recommendations; research data compilations; compilations of securities prices, earnings, dividends and similar data; computerized databases; trading analysis; and services of economic reports or other consultants. Order execution good and services may include entry, handling or facilitation of an order be provided in the nature of order management systems, algorithmic trading software and market data.

In certain cases, such goods and services may contain elements that qualify as research goods and services and/or order execution goods and services, and other elements that do not qualify as either of such permitted goods and services. These types of goods and services are considered to be "mixed use". Examples of the type of mixed-use goods and services that we may receive are portions of software applications or data analysis that are not directly related to order execution or investment decision-making. If the portfolio advisors or sub-advisors obtain mixed-use goods and services, we will only use brokerage commissions to pay for the qualified goods and services that are directly related to research, investment decision-making and order execution processes. All of HSBC's brokerage arrangements are in compliance with applicable laws.

HSBC is required to make a good faith determination that the funds receive reasonable benefit for the brokerage commissions paid by taking into account both the value of the goods and services received and the amount of the brokerage commissions paid. HSBC may use research goods and services and order execution goods and services to benefit the funds and clients other than those whose trades generated the brokerage commission. However, HSBC has policies and procedures in place to make a good faith determination that over a reasonable period of time, all clients, including the funds, receive fair and reasonable benefit in return for the commission generated.

HSBC has received the following order execution good and services and research goods and services from dealers or third parties in connection with the execution of brokerage transactions on behalf of the funds: general economic, industry and issuer reports and investment recommendations, research data compilations, research analysis and reports concerning securities and portfolio strategies and statistical compilations of securities prices, earnings, dividends and similar data, computerized databases, services of economic and other consultants, post-trade matching, electronic communication of allocation instructions and other messages related to the trade among broker-dealers/ custodians/ institutions, and settlement instruction routing.

HSBC, or one of its sub-advisors, may direct the brokerage business of the funds to an affiliated entity, including HSBC Securities (Canada) Inc., HSBC Bank Canada, HSBC Bank plc, HSBC Securities (USA) Inc., HSBC Securities Brokers (Asia) Limited, Hongkong and Shanghai Banking Corporation Limited and HSBC Broking Services (Asia) Limited. In all cases, such transactions are made on terms and conditions comparable to those offered by unrelated brokers or dealers.

Where brokerage transactions involving client brokerage commissions of the funds have been or might be directed to a dealer in return for providing any goods or service by the dealer or a third party other than order execution, the names of such dealers or third parties will be provided upon request.

## **Mawer**

Decisions as to the purchase and sale of securities and the execution of portfolio transactions, including the selection of broker-dealers are made by Mawer. In effecting portfolio transactions, Mawer will seek to obtain the best execution of trades on behalf of the Fund taking into account all factors it deems relevant, including but not limited to, the price of the security, speed of execution, certainty of execution, transaction size, liquidity of the security, market conditions, and commission costs/spreads relative to the transaction. Mawer will also take into account whether any additional goods and services are provided by broker-dealers and are included in the brokerage commissions. These additional services, other than order execution services, may include (i) advice as to the value of securities and the advisability of effecting transactions in securities; (ii) analysis and reports concerning securities, portfolio strategy or performance, issuers, industries, or economic or political factors and trends; and (iii) databases or software to the extent they are designed mainly to support the services referred to in (i) and (ii). When selecting brokers for the provision of any order execution goods and services or research goods and services by the broker or third party, Mawer will make a good faith determination that the Fund receives reasonable benefit, considering both the use of the goods and services and the amount of brokerage commission paid. Specifically, Mawer will monitor the services provided by broker-dealers to ensure that: brokerage commissions are only used for goods and services that assist them in the investment decision-making process; the brokerage commissions paid are reasonable in relation to the research and execution services received; and, at all times, Mawer seeks the best execution for each transaction. Mawer is not under any contractual obligation to allocate brokerage business with respect to the Fund to any specific brokerage firm. Brokerage transactions are not carried out through any entity that is affiliated with Mawer.

## FUND GOVERNANCE

The Manager is responsible for fund governance. The Manager is a member of the Mutual Fund Dealers Association of Canada and is therefore subject to its rules, by-laws and policies covering such matters as business practices and conflicts of interest, and it has developed policies to reflect those and other applicable legislative requirements. There are no other written policies or guidelines relating to business practices, sales practices, risk management or internal conflicts of interest. The Manager is not affiliated with the Funds' portfolio advisers, Custodian (as defined herein), or other service providers; the Manager believes this significantly lessens the conflicts of interest to which it is subject.

A Fund's portfolio adviser is responsible for voting (or deciding to refrain from voting) all shares or other voting securities of the Fund in accordance with its best judgement in this regard.

BMO AM provides engagement and proxy voting services using its Responsible Investment team ("RI Team"), comprised of environmental, social and governance ("ESG") experts, and any other existing or future resources appropriate for this purpose. The RI Team works alongside BMO AM's portfolio management team for the Dividend Fund. The RI Team undertakes engagement activities as well as proxy voting research and analysis, and also supports the development of BMO AM's publicly available Corporate Governance Guidelines ("CGG"), which set out BMO AM's expectations of companies regarding good governance as well as guides BMO AM's voting, including on ESG matters. The CGG is reviewed annually and updated when necessary. The RI Team focuses on corporate engagement with North American investee companies and actively votes at company meetings for the Canadian market. BMO AM has retained a third party engagement and voting service provider to provide it with proxy voting and responsible engagement overlay ("reo®") services to ensure its coverage extends to international markets and to execute votes on its behalf and in line with the CGG. The RI Team monitors and can override any vote instructions by reo® across all markets.

BMO AM has established proxy voting policies and procedures for the Dividend Fund, which include the CGG and standing voting directions (collectively, the "Proxy Voting Guidelines"). The Proxy Voting Guidelines inform the voting on matters for which the Dividend Fund receives proxy materials for an issuer.

In providing proxy voting services, BMO AM through reo® uses International Shareholder Services ("ISS"), a third party proxy voting administrator, to auto-execute, without further guidance, the majority of votes in accordance with standing voting directions which reflect the CGG. When ISS or reo® need guidance on the standing voting directions or when the RI Team wishes to further consider how to vote on certain matters, they consult with the RI Team and obtain instructions on how to proceed.

Although the RI Team generally adheres to the Proxy Voting Guidelines in executing votes and in addition relies on reo® and ISS to execute votes, any proxy issues that differ from the Proxy Voting Guidelines are considered by taking into account the particular circumstances involved. This provides needed flexibility in making prudent judgments in the proxy voting process. Further, BMO AM may depart from the Proxy Voting Guidelines in order to avoid voting decisions that may be contrary to the best interests of the Dividend Fund and its securityholders.

The RI Team actively engages investee companies prior to, during and after proxy season to inform voting decisions and communicate good governance and environmental and social expectations.



Due to the variety of proxy voting issues that may arise, the following summary of the Proxy Voting Guidelines is not exhaustive and is intended to provide guidance but does not necessarily dictate how each issue must be voted in each instance.

The Proxy Voting Guidelines include:

- (a) a standing policy for dealing with routine matters on which a fund may vote, such as election of directors, appointment of auditors and an issuance of shares;
- (b) the circumstances under which a fund will deviate from the standing policy for routine matters. For example, the Proxy Voting Guidelines provide that a fund will typically support management's recommendation regarding appointing auditors, but may vote against such recommendation where auditor independence is in question;
- (c) the policies under which, and the procedures by which, a fund will determine how to vote on non-routine matters such as mergers and acquisitions, spin-offs and other corporate restructurings, shareholder rights (other than the issuance of shares), corporate governance, compensation, and social and environmental matters. For example, with respect to mergers and acquisitions, spin-offs and other corporate restructurings, the Proxy Voting Guidelines provide that a fund will typically support incumbent management provided that the financial terms, synergistic benefits and management quality are sound; and
- (d) procedures to ensure that a fund's portfolio securities are voted in accordance with the fund's instructions. This includes the requirement for BMO AM to certify to the manager that it has voted all securities held by a fund it manages in accordance with the Proxy Voting Guidelines. BMO AM has a policy in place to identify and deal with potential conflicts of interest in proxy voting such as the following proxy voting situations:
  - (a) voting proxies at a company's shareholder meeting where the company is a client of, or has another type of business relationship with BMO Financial Group;
  - (b) voting proxies at a Bank of Montreal or an affiliate's shareholder meeting (including meetings of investment funds managed by BMO AM or its affiliates) or a company's shareholder meeting relating to a corporate action such as a merger or acquisition involving the company (or any of its affiliates) and a member of BMO Financial Group;
  - (c) voting proxies at a company's shareholder meeting where an officer, director or employee of BMO AM or BMO Financial Group serves on the board of that company;
  - (d) voting proxies at a company's shareholder meeting with a potential voting outcome that favours one client (including one investment fund) over another; and
  - (e) voting proxies at a company's shareholder meeting where different portfolio managers at BMO AM prefer different voting outcomes.

HSBC has adopted policies and procedures (the “Proxy Voting Policy”) with respect to the voting of the Fund’s proxies. HSBC’s Proxy Voting Policy sets out the voting procedures to be followed in voting on routine and non-routine matters and contains policies and procedures to ensure that when real or perceived conflicts of interest arise between HSBC’s interests and the interests of its clients, those issues are properly addressed and resolved.

HSBC has retained ISS, a leading, independent firm with expertise in global proxy voting and corporate governance issues, to provide in-depth research and analysis on all proxies for which HSBC has authority to vote, and to administer the proxy voting process. HSBC has adopted the HSBC Global Asset Management Global and European Voting Guidelines (collectively, the “HSBC Voting Guidelines”). In cases where an affiliated sub-advisor retains the right to vote the Funds’ proxies, HSBC will ensure the affiliated sub-advisor adopts the HSBC Voting Guidelines and reviews their policies and procedures for consistency with the Proxy Voting Policy on an annual basis. HSBC and its affiliated sub-advisors will generally vote the Fund’s proxies in accordance with the HSBC Voting Guidelines; however, there may be circumstances where HSBC believe that it is in the best interests of the Fund to vote differently than the manner contemplated by the HSBC Voting Guidelines or to refrain from voting. The ultimate decision as to the manner in which the Funds’ proxies will be voted rests with HSBC. HSBC may amend the Proxy Voting Policy or the HSBC Voting Guidelines at any time and without notice.

At least once a year, certain HSBC’s officers and employees meet to discuss proxy matters and administer the Proxy Voting Policy. These proxy voting meetings may take place more frequently as needed to resolve any proxy voting issues that may arise. Pursuant to HSBC’s Proxy Voting Policy, in those circumstances where the investment advisor determines that it may be appropriate to vote contrary to the HSBC Voting Guidelines, the matter will be reviewed by the members of this meeting to arrive at a decision regarding how the proxy will be voted. In making a decision in such circumstances, information and recommendations from ISS, internal or external research, the management of the subject company and shareholder groups may be considered. This meeting also reviews the reasoning submitted by HSBC’s affiliate sub-advisors for decisions made to deviate from the HSBC Voting Guidelines, in the best interests of the applicable Fund. If a material conflict of interest is determined to exist, HSBC will direct that the proxy be voted according to ISS’s recommendation. In the event ISS is unable to make a recommendation on a proxy vote and where no material conflict of interest is determined to exist, the matter will be referred to the proxy voting meeting to make the determination. In circumstances where a material conflict of interest is determined to exist, with the absence of ISS’s recommendation, the matter will be referred to HSBC’s senior management to make a decision or, if deemed necessary, an independent consultant or outside counsel to resolve the material conflict of interest and ensure that the proxy is voted in the best interests of the Funds.

HSBC cannot guarantee the ability to exercise the voting rights attributable to securities of foreign issuers. In many countries, proxy voting can be complicated and onerous, and there may be instances when HSBC cannot exercise such voting rights.

Some Funds primarily invest a majority of their assets in units of other mutual funds (“Sub-Funds”). Sub-Funds typically do not submit matters to investors for vote, although they are required to do so in the event of certain fundamental changes in respect of their operation or administration. In the event that a Sub-Fund submits a matter to its investors for vote, HSBC will consider the matter on a case-by-case basis and vote any securities of the Sub-Fund held by the Funds in accordance with what HSBC believes is in the best interest of the relevant Funds.

HSBC will not vote the securities of any Sub-Funds if the Sub-Fund is managed by HSBC or any of its affiliates. HSBC may, at its discretion, arrange for the securities of such Sub-Funds to be voted by the unitholders of the Funds holding the securities of the Sub-Funds.

Fiera Capital's proxy voting guidelines cover environmental, social and governance ("ESG") issues and are strictly applied by all equity investment teams as Fiera Capital believes that high standards of corporate governance are necessary for maximizing shareholder value and protecting our clients' interests. These guidelines govern the exercise, by Fiera Capital, of voting rights at shareholder meetings for companies whose shares are held in Canadian and foreign equity portfolios under Fiera Capital's management. The Public Markets Chief Investment Officer ("Fiera Capital CIO Office") is responsible for the establishment and annual review of these guidelines, which are then approved by Fiera Capital's Public Markets Management Committee.

Proxy voting is a key element of Fiera Capital's integration of ESG factors into the investment process. The intent is to provide and communicate Fiera Capital's guidelines for the exercise of voting rights addressing ESG issues. Fiera Capital will exercise its voting rights to maintain the highest standard of corporate governance, sustainability of the business and practices of the companies whose shares are held. High standards are necessary for maximizing shareholder value as well as protecting the economic interest of shareholders. Fiera Capital's equity investment management teams therefore take ESG issues into consideration when voting each proxy and tend to vote in favour of ESG issues, while taking into consideration the impact on a company's ability to create wealth. Engagement through proxy voting is a key element of Fiera Capital's sustainable investing policy.

Fiera Capital uses an external proxy advisor, ISS, to augment our internal processes. ISS is an independent firm with expertise in global proxy voting and corporate governance issues, which provides comprehensive voting recommendations as well as customized voting recommendations based on Fiera Capital's guidelines; and executes the voting of proxies in accordance with Fiera Capital's guidelines. Fiera Capital also benefits from the expertise of two internal portfolio administrators that specialize in corporate actions. The role of the internal portfolio administrators is to track upcoming shareholder meetings and ISS' proxy voting recommendations as well as the recommendations based on Fiera Capital's proxy voting policy and to provide the managers who own the security with all of the information required to make an informed decision. The internal portfolio administrators also record the votes and maintain records of all votes across the firm. Fiera Capital has access to ISS Proxy Exchange services to track all of the proxy votes the firm has made both at the account and firm levels and the results are reported on a yearly basis.

While Fiera Capital's portfolio managers will generally vote proxies in accordance with the Fiera Capital's proxy voting policy, there may be circumstances where the portfolio manager believes it is in the best interests of its clients to vote differently, or to withhold a vote or abstain from voting. In such cases, the portfolio manager shall document the rationale when voting differently than as prescribed by the guidelines.

Beutel Goodman believes that the voting of proxies is essential to the advancement of shareholder value through the encouragement of sound corporate governance. To assist it in analyzing proxies in respect of the Balanced Fund and the Bond Fund, Beutel Goodman subscribes to Glass Lewis, an unaffiliated third-party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, record keeping and vote disclosure services. Beutel Goodman, in conjunction with Glass Lewis, has established proxy voting guidelines for these Funds. These guidelines are designed to be

responsive to the wide range of issues that can be raised in proxy situations. Beutel Goodman reviews each proxy item before casting votes, with Beutel Goodman taking into consideration the relevant facts and circumstances at the time of the vote.

Mawer's policy is to vote proxies in a prudent and diligent manner after review of the applicable proxy statement with the primary objective of maximizing the investment return on assets under management, subject to an acceptable level of risk.

In general, Mawer invests, on the Fund's behalf, in the securities of an issuer if it has confidence in the management of the issuer. As a result, in the normal course it is to be expected that Mawer will vote in favour of management's proposals. However, Mawer will consider each such proposal on its own merits and exercise the voting rights in accordance with the best interests of the Fund. Where a vote presents a conflict between the interests of the Fund's securityholders and Mawer's interests or any of Mawer's associates or affiliates, Mawer will vote in the best interest of the Fund's securityholders.

Educators Financial Group will, with the assistance of the portfolio advisers, maintain a proxy voting record for each Fund which includes details of the issuers and securities in respect of which the Funds have the right to vote, as well as details regarding the types of meetings and the matters to be voted on at those meetings. This proxy voting record will also specify whether, and if so how, the Funds' securities were voted on such matters. Each Fund prepares a proxy voting record for the twelve-month period ending on June 30 no later than August 31 of the year. Upon request made by a Unitholder by calling 1-800-263-9541 (toll free), the Fund will deliver a copy of its proxy voting record to such Unitholder without charge. This record will also be available on the Funds' website at [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca).

The Funds do not have any specific policies to deal with any potential conflicts of interest in respect of the voting of their portfolio securities by their portfolio advisers. Such portfolio advisers, both under the terms of their contractual arrangements with a Fund and under applicable securities laws, are required to deal fairly, honestly and in good faith with the Funds, and the portfolio advisers are therefore required to put the Funds' interests ahead of their own in exercising their voting powers and responsibilities on behalf of the Funds.

#### *Use of Derivatives by the Funds*

The Mortgage & Income Fund, Monthly Income Fund, and Dividend Fund are permitted to use derivatives solely for the purpose of hedging any foreign currency exposure it may have from time to time, in the discretion of its portfolio adviser.

Currency hedging is permitted but not employed for the Mortgage & Income Fund, Growth Fund, Money Market Fund, Monthly Income Fund, U.S. Equity Fund, Monitored Aggressive Portfolio, Monitored Balanced Portfolio, Monitored Conservative Portfolio and Monitored Growth Portfolio. The Bond Fund may use derivative instruments for the purpose of risk and duration management, foreign currency hedging and liquidity enhancement. Examples of derivatives that may be used by the Bond Fund include foreign exchange forward contracts and government bond futures contracts. The Bond Fund is permitted to use currency forwards for hedging purposes and government bond futures for risk and duration management in accordance with Canadian mutual fund regulation which prohibit leverage. Pre-approval by the Educators Financial Group Investment Committee is required for the Bond Fund to introduce the use of any other derivative instruments. The Balanced Fund does not use derivatives directly. The Portfolio Funds may invest in underlying funds that use derivatives.

*Securities Lending Provisions*

The Funds, other than the Portfolio Funds, have retained RBC, at its principal office in Toronto, Ontario, as their securities lending agent, to manage the Funds’ securities lending activities in accordance with the requirements of NI 81-102.

RBC is not an affiliate or an associate of the Manager. Under the agreement with RBC, the aggregate market value of the collateral provided to a Fund in respect of securities loaned must never be less than the percentage of the aggregate market value of the loaned securities which is the higher of the minimum percentage required by any applicable legislation or regulatory authority having jurisdiction over the Fund (currently 102%) and the prevailing market practice. Such agreement may be terminated by the Manager on behalf of the Fund or RBC at any time upon notice to the other and neither party indemnifies the other under such agreement. The Manager relies on the policies and procedures that RBC has put in place to ensure that the extensive requirements of NI 81-102 are complied with. Given the limitations imposed by NI 81-102, the Manager has concluded that no additional limitations are necessary. No risk measurement procedures or simulations are used to test a Fund’s portfolio under stressed conditions beyond such procedures as RBC may undertake in its discretion from time to time.

**Independent Review Committee**

The Independent Review Committee (“IRC”) is responsible for reviewing, and if desirable providing input on, the Funds’ written policies and procedures on conflicts of interest involving the Funds and the Manager. The IRC also reviews conflicts of interest matters referred to it by the Manager and provides a recommendation or decision to the Manager with respect to such conflicts. The current members of the IRC are Kenneth Thomson, W. William Woods and Audrey Robinson. Each member of the IRC is independent as that term is defined under National Instrument 81-107 Independent Review Committee for Investment Funds. The Funds do not have any directors, or a board of governors or advisory board other than the IRC.

<b>Name and Municipality of Residence</b>	<b>Position with IRC</b>	<b>Principal Occupation</b>
Kenneth Thomson Toronto, Ontario	Chair	President, Universal Financial Corp., an Investment Holding Company
W. William Woods Toronto, Ontario	Member	Consultant, Lawyer, Independent Director, former CEO of the Bermuda Stock Exchange
Audrey Robinson Burlington, Ontario	Member	Investment Professional, Board Director

*Remuneration of the IRC*

Members of the IRC receive compensation payable on a semi-annual basis, in respect of all the Funds, in the amount of \$8,750.00 plus HST and shall be reimbursed for all expenses reasonably incurred. The Chair of the IRC receives compensation payable on a semi-annual basis, in respect of all the Funds, in the amount of \$11,250 plus HST and shall be reimbursed for all expenses

reasonably incurred. During the fiscal year of the Funds ended December 31, 2022, the Funds paid an aggregate of \$57,500 to members of the IRC. Such amounts were apportioned among the Funds in accordance with the Manager's policies in this regard.

### **Auditor**

The auditor of the Funds is Grant Thornton LLP. The auditor is a firm of Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario). Grant Thornton LLP audits the annual financial statements of the Funds and provides an opinion as to whether they are presented fairly, in all material respects, in accordance with International Financial Reporting Standards. The auditor's responsibilities are outlined in full in the independent auditor's report. The auditor is located in Toronto, Ontario.

### **Registrar**

Educators Financial Group Inc., at its principal office in Toronto Ontario, is the registrar and transfer agent for the Funds. The registrar keeps a register of the owners of units for each Fund, processes orders and issues account statements to unitholders. The registrar is assisted in these functions by RPM Technologies.

## **REMUNERATION OF DIRECTORS AND OFFICERS**

The Funds have no directors or officers. The Manager is entitled to the management fees disclosed herein. None of the Manager's directors or officers receive any compensation directly from the Funds.

## **CUSTODIAN OF PORTFOLIO SECURITIES**

RBC is the custodian of the Funds' cash and Canadian securities (in such capacity, the "Custodian") pursuant to an Amended and Restated Custodian Agreement dated July 1, 2011 (and made applicable to Funds created after such date from their inception). Such securities are held at 155 Wellington Street West, Toronto, Ontario M5V 3L3. Foreign securities are held through the Custodian's sub-custodial network.

The securities held by the Custodian shall be surrendered only on the written order of the two authorized officers of a portfolio adviser or the Manager, and the Custodian may act in all matters on instruction given by or on behalf of a Fund by any two authorized officers of a portfolio adviser or the Manager. For its services, the Custodian's normal fees and charges prevailing from time to time are paid by the Manager.

## **MATERIAL CONTRACTS**

The material contracts of the Funds are the Declaration of Trust for the Funds, the Advisory Agreements, and the Amended and Restated Custodian Agreement, as amended. These documents may be inspected during ordinary business hours at the office of the Manager at 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario M2J 5C2 and are also available at [www.sedar.com](http://www.sedar.com).

## DESIGNATED WEBSITE

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Funds this document pertains to can be found at the following location: [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca). These documents and other information about the Funds, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

## VALUATION OF PORTFOLIO SECURITIES

Purchases are made, distributions reinvested, and switches and redemptions are implemented for all Funds based on the net asset value per unit applicable to the transaction, which are then reflected in the next calculation of the net asset value. The net asset value per unit of a particular class of a particular Fund is calculated by dividing the value of the net assets of the Fund (that is, the value of the Fund's assets less the Fund's liabilities) attributable to the relevant class of units by the total number of units of that class of the Fund then outstanding.

The net asset value per unit for each class of the Funds is calculated at the close of business on each business day and such other days as the Manager may specify from time to time. The days on which the net asset value per unit of a Fund is calculated are known as "Valuation Dates". The daily net asset value per unit of each Fund is available on the Manager's website at [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca).

The Manager intends to maintain the net asset value of the units of the Money Market Fund at \$10.00 per unit by allocating income daily to unitholders. There can be no assurance, though, that the Manager will always be able to maintain a stable price.

The net asset value of the Funds at a particular time shall be calculated by RBC Investor Services Trust ("RBC") in the manner described below, pursuant to an Amended Fund Valuation Services Agreement dated as of August 15, 2014, as amended (the "Fund Valuation Services Agreement").

### Valuation Principles

The assets of a Fund shall be deemed to include all cash on hand or on deposit, including any interest accrued thereon, adjusted for accruals derived from trades executed, but not yet settled; all bills, notes and accounts receivable; all bonds, debentures, shares, subscription rights, mortgages and other securities owned by, or contracted for the Fund; all shares, rights and cash dividends and cash distributions to be received by the Fund and not yet received by it when the net asset value is being determined so long as, in the case of cash dividends and cash distributions, to be received by the Fund and not yet received by it when the net asset value is being determined, the shares are trading ex-dividend; all interest accrued on any interest-bearing securities owned by the Fund other than interest, the payment of which is in default; and prepaid expenses.

The value of the assets of the Funds for the purpose of determining the purchase price and redemption price of the Fund's units is determined by RBC in its discretion, subject to the following:

1. the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared, and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless RBC determines that any such deposit or call

loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as RBC determines to be the reasonable value thereof;

2. the value of any bonds, debentures, and other debt obligations, excluding mortgages, shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as RBC, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
3. the value of any mortgages shall be the fair value determined by the Manager and provided to RBC as required in accordance with the Fund Valuation Services Agreement;
4. the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the Valuation Date, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
5. the value of any security of another investment fund shall be its most recently calculated daily net asset value as calculated by or under the authority of its manager;
6. the value of any other security or other asset for which a market quotation is not readily available shall be its fair market value as determined by RBC;
7. the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that a Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
8. purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
9. where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of a Fund or the net asset value of a class of units. The securities, if any, which are the subject of



a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;

10. the value of a futures contract or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the close of business on the Valuation Date, the position in the futures contract or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
11. margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
12. all Fund property valued in a foreign currency and all liabilities and obligations of a Fund payable by a Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to RBC, including, but not limited to, RBC or any of its affiliates;
13. all expenses or liabilities, including fees payable to the Manager, shall be calculated on an accrual basis, on direction by the Manager to RBC; and
14. for the purpose of calculating the net asset value per unit, the liabilities of units of a Fund shall comprise the liabilities of that Fund.

The value of all other assets is their fair value as determined by the Manager in consultation with RBC. Nevertheless, if a competent regulatory authority, having jurisdiction over the distribution of the units of a Fund in any jurisdiction in which such distribution may from time to time take place, requires the adoption by the Fund of some other method of valuation of the assets of the Fund or any part thereof, such method shall be adopted with effect as at the date as of which such requirement became applicable to the Fund; and in the event of any real or apparent conflict between the requirements of two or more such authorities, the Manager shall determine which method shall be adopted.

The Manager has not deviated nor permitted RBC to deviate from these valuation principles in the past three completed financial years of the Funds in existence during that period.

Each Fund is required under National Instrument 81-106 *Investment Fund Continuous Disclosure* of the Canadian securities administrators to calculate its net asset value using "fair value". The Manager believes that the valuation principles set forth above will result in a calculation of the fair value for the assets of the Funds.

Units of a Fund issued and sold on any Valuation Date shall be deemed to be outstanding immediately after the close of business on such Valuation Date, while units of the Fund redeemed on any Valuation Date shall be deemed to be redeemed immediately after the close of business on such Valuation Date. Portfolio purchases or sales are reflected, following confirmation of the net settlement amount of the transaction, in the calculation of net asset value on the next Valuation Date.

## **PURCHASES, SWITCHES AND REDEMPTIONS**

The Educators Bond Fund, Educators Dividend Fund, Educators Growth Fund, Educators Money Market Fund, Educators Monthly Income Fund, Educators Mortgage & Income Fund and Educators U.S. Equity Fund currently offer three classes of units: Class A units, Class I units and Class F units. The Educators Balanced Fund and the Portfolio Funds currently offer four classes of units: Class A units, Class I units, Class E units and Class F units. Units are purchased and redeemed through Educators Financial Group and are offered to qualified investors only in the provinces of Ontario and British Columbia as described under “*Purchases, Switches and Redemptions – Purchases*” below.

Class A units are the regular retail class of units available to all eligible purchasers. Class I units are identical in all respects to the Class A units, except that there is no management fee payable by the Funds in respect of the Class I units, although the Class I units are responsible for paying all expenses of their operation. Class E units are identical in all respects to the Class A units, except with respect to the management fee payable by the applicable Fund to the Manager. Class F units are available to investors who have a fee-based account with us and are identical in all respects to the Class A units, except with respect to the management fee payable by the applicable Fund to the Manager.

Purchases are made, distributions reinvested, and switches and redemptions are implemented for all Funds based on the net asset value per unit applicable to the transaction, which are then reflected in the next calculation of the net asset value. The net asset value per unit of a particular class of a particular Fund is calculated by dividing the value of the net assets of the Fund (that is, the value of the Fund’s assets less the Fund’s liabilities) attributable to the relevant class of units by the total number of units of that class of the Fund then outstanding.

The net asset value per unit for each class of units of a Fund is calculated at the close of business on each business day and such other days as the Manager may specify from time to time (each a “Valuation Date”). If we receive a buy, switch or redemption order before 3:00 p.m. (Eastern Time) on a Valuation Date, the order will be processed at the net asset value determined on that day. Otherwise, we will process your order at the net asset value on the first Valuation Date following the date by which the request was received.

Once your account is opened, you may call your financial adviser or other licensed representative to purchase, switch or redeem units, open a pre-authorized contribution plan (a “PAC”) or a systematic withdrawal program (a “SWP”) or undertake other transactions (including transactions in third party funds), or meet with him or her in person. For trades made by telephone, signatures are not required. It is our policy that email trading instructions are not generally permitted, unless they are signed by you and we have agreed in advance to proceed on the basis of an email, and we have then acknowledged to you the receipt of the same.

## **Purchases**

Units of the Funds are offered for sale only in the Provinces of Ontario and British Columbia to eligible purchasers, who in respect of the Class A units means (i) an individual who is either a teaching or non-teaching educational worker in a province in Canada, which includes staff of a board of education, a university, a college, a private educational facility, an education consortium or affiliate (including the Ontario Secondary School Teachers’ Federation and other education unions), or their family members; or (ii) a registered plan of which the holder, annuitant or “subscriber” (as defined in subsection 146.1(1) of the Tax Act) thereof is an individual described by (i).

Class I units of a Fund, other than a Portfolio Fund, have been created primarily for purchase by a Portfolio Fund. Class I units of a Portfolio Fund may be purchased by such institutional investors as the Manager may determine from time to time in its discretion. As the Manager does not intend to charge a management fee to investors in Class I units, such institutional investors must be persons or companies whose relationship to Class A unit investors or to the Manager is such that it is appropriate for them to be permitted to invest in a Fund on a non-management fee basis. Such investors could include pension funds serving the education community or associated with the Manager. Individual investors may not purchase Class I units of a Fund.

Class E units of a Fund may be purchased by any RESP of which (i) the Manager is the “promoter” (as described in paragraph (b) of the definition of “educations savings plan” in subsection 146.1(1) of the Tax Act) and (ii) the “subscriber” (as defined in subsection 146.1(1) of the Tax Act) is a “Class E Units Eligible Subscriber”. A Class E Units Eligible Subscriber means an individual who is either a teaching or non-teaching educational worker in a province in Canada, which includes staff of a board of education, a university, a college, a private educational facility, an education consortium or affiliate (including the Ontario Secondary School Teachers’ Federation and other education unions), or their family members.

Class F units of a Fund may be purchased by purchasers who are eligible to purchase Class A units, and who have one or more fee-based accounts with Educators Financial Group. The Manager has designed Class F units to offer eligible purchasers an alternative means of paying for investment advice and other services. Instead of paying sales charges, eligible purchasers purchasing Class F units pay fees directly to Educators Financial Group for certain investment and account services. The Manager does not pay any commissions to dealers in respect of Class F units, which allows it to charge a lower management fee.

Units of the Funds may only be purchased from Educators Financial Group. Units of the Funds may either be purchased directly or be held by registered plans of eligible investors.

Unless you are purchasing through a PAC, the minimum initial purchase order for any Fund is \$500, regardless of whether you already have invested in another Fund or not and any subsequent investment must be a minimum of \$25. With a PAC, the minimum investment that can be made in a Fund on any investment date is \$25.

Educators Financial Group may reject your purchase order within two business day of receiving it, but only if we believe it is in the best interests of the Fund to do so. Any monies sent with your order will be returned immediately, without interest. Also, Educators Financial Group may not be able to process purchase, switch or redemption orders if market trading is suspended.

Units of the Funds must be purchased in Canadian dollars and are redeemed in Canadian dollars.

There are no acquisition charges applicable on purchases of units of the Funds or on the automatic reinvestment of distributions of net income and net capital gains.

#### *How to Submit a Purchase Order*

Please follow these steps if you are buying units through Educators Financial Group:

- Contact Educators Financial Group in person or by telephone to request appropriate documentation or print an appropriate application form or transaction request form from our website.

- Complete the appropriate application form or transaction request form.
- Forward the completed application form or transaction request form to Educators Financial Group promptly with a cheque payable to Educators Financial Group Inc.

Your money will be invested in the Fund(s) you select on the day it is received if it arrives in the Educators Financial Group office before 3:00 p.m. (Toronto time) on a Valuation Date or on the next Valuation Date, if it is received after that time.

If the documentation on your purchase is incomplete, we will generally invest your money in the Educators Money Market Fund so that you will earn daily interest until complete instructions have been received. Your investment, including interest, will then be exchanged into the Fund(s) you select without any additional charge once completed documentation is received. The only situation in which a temporary investment in the Educators Money Market Fund is not made is the rare case where the Manager is not legally permitted to make such an investment. In these circumstances, funds received remain un-invested pending receipt of the complete subscription documentation.

### **Switches**

Unitholders may switch from one of the Funds to another. A switch is the transfer of your investment money from one Fund to another. Switches may be effected using the form authorized from time to time by Educators Financial Group. No switches will be permitted during any period when redemption of units has been suspended (see “*Redemptions*” below). See “*Income Tax Considerations for Investors*” for a discussion of tax considerations relating to a switch.

### **Redemptions**

Requests for redemption may be made in the form authorized from time to time by Educators Financial Group and submitted to Educators Financial Group at its head office in Toronto, Ontario. No administration or other fees are charged in respect of redemption of units, other than an Account Transfer Fee in respect of transfers of an account to another financial institution or a Short-Term Trading Fee in respect of units redeemed within 90 days of the date of purchase.

The minimum account balance that you must maintain with Educators Financial Group is \$500. In the discretion of Educators Financial Group, if the value of the Funds in your account falls below the minimum, Educators Financial Group may redeem the Funds you hold. Educators Financial Group will generally try to contact you before any such redemption, to give you an opportunity to contribute additional amounts to your account and will generally not exercise their discretion to effect a redemption if the reason for having less than \$500 in your account is market declines.

The units will be redeemed at their net asset value. Redemption payments will be made in Canadian dollars. See “*Income Tax Considerations for Investors*” for a discussion of tax considerations relating to a redemption.

#### *How to Submit a Redemption Order*

Please follow these steps to redeem your units purchased through Educators Financial Group:

- Forward your redemption request to Educators Financial Group.

- To protect you from fraud, Educators Financial Group may require that your written request be signature-guaranteed by a bank, trust company or member of a Canadian stock exchange.

Educators Financial Group will redeem your units on the day the request is received if it arrives at the Educators Financial Group office before 3:00 p.m. (Toronto time) on a Valuation Date or on the next Valuation Date if it is received later.

Educators Financial Group will mail your cheque, or electronically transfer the funds to your bank account if instructed, on the second business day following the applicable Valuation Date.

Under exceptional circumstances we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on any stock exchange on which a significant portion of a Fund's assets are listed.

### **Short-Term Trading**

Where investors make short-term trades in a Fund's units, buying such units one day and redeeming them a short time thereafter, there can be adverse effects on the other investors in the Fund. For example, the Fund may incur extra trading costs in first purchasing portfolio securities with the short-term investor's subscription funds, and then in selling portfolio securities to pay the proceeds of redemption to that investor, depending upon the Fund's cash position. Further, short-term investors may enjoy the benefits of capital appreciation incurred in the Fund without that investor's subscription actually being invested in time to contribute to that appreciation.

For this and other reasons, the Manager has the right to impose a short-term trading fee if units of the Funds are redeemed within 90 days of the date of purchase. See "*Fees and Expenses – Fees and Expenses Payable Directly by You*" for details of this fee. The Manager would generally not charge this fee in circumstances where the reason for an early redemption was an unexpected change in personal or financial circumstances, or other legitimate reason, and was not part of a course of conduct of short-term trading. Where the Manager detects repeated short-term trading occurring by an investor, in addition to charging the short-term trading fee the Manager may decline to accept future purchase orders from that investor.

## **RECLASSIFICATION**

### **Transfers of Class E and Class F Units**

On any transfer of a Class E unit or a Class F unit from an eligible purchaser of Class E units or Class F units, as applicable, to another person who is not an eligible purchaser of Class E units or Class F units, as applicable, the Class E unit or Class F unit, as applicable, will first be reclassified as a Class A unit of the same Fund. Such a transfer can only be made to a person that qualifies as a Class A eligible purchaser. At the time of such reclassification, the aggregate net asset value of the Class E units or Class F units, as applicable to be reclassified and the aggregate net asset value of the Class A units into which they are reclassified shall be equal. A unitholder will not be entitled to proceeds of disposition on any such reclassification and the Class E units or Class F units, as applicable, will not be redeemed or cancelled upon the reclassification.

## **Reclassification of Class A Units**

Commencing with the offering by a Fund of the Class E units and Class F units, the Class A units of a Fund held by a unitholder may be reclassified as Class E units or Class F units of the same Fund if such unitholder is an eligible purchaser of Class E units or Class F units, as applicable, and requests such reclassification. At the time of such reclassification, the aggregate net asset value of the Class A units to be reclassified and the aggregate net asset value of the Class E units or Class F units, as applicable, into which they are reclassified shall be equal. A unitholder will not be entitled to proceeds of disposition on any such reclassification and the Class A units will not be redeemed or cancelled upon the reclassification.

## **OPTIONAL SERVICES**

Educators Financial Group offers Registered Retirement Savings Plans (“RRSPs”), including Locked-in Retirement Savings Plans (“LIRAs”), Registered Retirement Income Funds (“RRIFs”), including Locked-in Retirement Income Funds (“LIFs”), Registered Educational Savings Plans (“RESPs”) and Tax-Free Savings Accounts (“TFSA”) and intends to offer First Home Savings Accounts (“FHSAs”) shortly after the filing of this simplified prospectus (collectively, “registered plans”). The Royal Trust Company acts as trustee of these registered plans. Other dealers may also offer registered plans. Registered plans may invest in units of a Fund without penalty if units of the Fund are “qualified investments” as defined in the Tax Act for registered plans and are not “prohibited investments” for purposes of the Tax Act. Provided the Funds qualify or are deemed to qualify as mutual fund trusts or qualify as registered investments under the Tax Act, units of each of the Funds will be qualified investments for registered plans. See “*Fund Details*” in Part B and see “*Income Tax Considerations for Investors*” for information regarding the status of units as “prohibited investments” for purposes of the Tax Act and for more information on the registered plan tax status for each of the Funds.

All of the provisions concerning the registered plans offered by Educators Financial Group are contained in the application and the declaration of Trust which is attached to the application form.

### **Regular Investment Plan**

You can buy units of the Funds through a PAC. You can do a one-time purchase or invest weekly, bi-weekly, monthly or semi-monthly. Ask Educators Financial Group for an authorization form to start the plan. There is no charge for this service.

### **Systematic Withdrawal Plan**

You can also set up a SWP. You can choose when to withdraw (monthly, quarterly, semi-annually or annually) and how much to redeem each time. There is no charge for this program. Please be advised that regular withdrawals could eventually consume your entire account. See “*Income Tax Considerations for Investors*” for a discussion of tax considerations relating to redemptions of units of the Funds.

### **Automatic Reinvestment of Distributions**

We automatically reinvest your distributions to purchase additional units of the Funds. If you would prefer to receive your distributions in cash, please request this service in writing.

## FEES AND EXPENSES

The tables below list the fees and expenses that you have to pay if you invest in units of the Funds. Each Fund itself will pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. The fees or expenses may be increased by the Manager on not less than 60 days' notice to unitholders. The Funds are also responsible for paying any applicable harmonized sales taxes ("HST") owing on the management fees or expenses of the Funds.

The Manager may charge management fees that are less than the management fees the Manager is otherwise entitled to charge a Fund. If the Manager does so, it may later charge the maximum rate of the annual management fee without giving notice to unitholders.

### Fees and Expenses Payable by the Funds

**Management Fees** The Manager is responsible for the day-to-day management and administration of the Fund. As compensation for its services, the Manager is entitled to receive a management fee, which is calculated daily based on the net asset value of a Fund from the previous trading day and payable monthly. The Manager monitors and evaluates the performance of each Fund, pays for the investment management services of the portfolio adviser and arranges for the other administrative services required to be provided to support the Fund. Other administrative services include marketing, advertising, product development, information technology, and general business services.

No management fees are payable by a Fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of such Fund for the same service. In addition, a Fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of an underlying fund.

Management fees are as follows:

Fund	Class A units	Class I units	Class E units	Class F units
Educators Balanced Fund	1.65%	Nil	1.32%	0.70%
Educators Bond Fund	1.10%	Nil	Nil	0.45%
Educators Dividend Fund	1.60%	Nil	Nil	0.70%
Educators Growth Fund	1.75%	Nil	Nil	0.75%
Educators Money Market Fund	0.55%	Nil	Nil	0.30%
Educators Monthly Income Fund	1.15%	Nil	Nil	0.55%

Fund	Class A units	Class I units	Class E units	Class F units
Educators Mortgage & Income Fund	1.10%	Nil	Nil	0.40%
Educators U.S. Equity Fund	1.60%	Nil	Nil	0.60%
Educators Monitored Aggressive Portfolio	1.75%	Nil	1.40%	0.80%
Educators Monitored Balanced Portfolio	1.65%	Nil	1.32%	0.65%
Educators Monitored Conservative Portfolio	1.45%	Nil	1.16%	0.55%
Educators Monitored Growth Portfolio	1.75%	Nil	1.40%	0.75%

While no management fees are payable to the Manager in respect of the Class I units, the Funds pay certain expenses associated with the Class I units as described under “– *Operating Expenses*” below.

Portfolio Adviser Fees	The fees of the portfolio advisers with respect to the Funds are borne by Educators Financial Group out of its management fee.
Custodial Fees	The fees of the custodian are borne by Educators Financial Group out of its management fee.
Operating Expenses	Each Fund is responsible for paying all commissions and brokerage fees on the purchase and sale of the Fund’s portfolio securities (“Portfolio Transaction Costs”), the fees and expenses of the Fund’s IRC (as discussed below) and withholding taxes. These costs are apportioned between the Class A units, Class E units, the Class I units and Class F units on a pro rata basis.

As noted above, the Manager pays the fees of the portfolio adviser and custodial fees. The Manager bears all of the other expenses properly attributable to the Class A units, Class E units and Class F units.

All of the other expenses properly attributable to the Class I units of the Funds (being a pro rata share of common expenses and any class-specific expenses) are borne by the Class I units, unless the Manager in its discretion agrees to absorb or pay such expenses on behalf of the holders of Class I units. If the Manager chooses to do so, it may discontinue such practice at any time without notice to unitholders.



### Management Expense Ratio

A separate management expense ratio, or MER, is calculated for each class of units of each Fund. The MER of a class is the total of the management fees payable in respect of that class plus the HST payable on that management fee, plus its share of the expenses of the IRC and any other expenses properly payable by that class that are not waived or absorbed by the Manager, but excluding any Portfolio Transaction Costs, expressed as an annualized percentage of the average net asset value of the class allocated during the period.

### Fees and Expenses Payable Directly by You

Short Term Trading Fee	If units tendered for redemption have been purchased within the preceding 90 days, units are redeemed at their net asset value less 1%. This short-term trading fee is retained by the Fund. See “Purchases – Short-Term Trading.”
Account Transfer Fee	A fee of \$150, plus any applicable taxes, is charged to any unitholder who transfers their account (excluding RESPs) to another financial institution.
Fee-Based Accounts	If you hold Class F units of a Fund in a fee-based account with Educators Financial Group, you will be required to pay an account fee pursuant to and in accordance with the terms of the fee-based account agreement entered into by and between you and Educators Financial Group.

### Impact of Sales Charges

You do not pay any administration or sales charges in connection with the purchase, switching and redemption of units of the Funds.

The following table shows the sales charges that you would pay if you made an investment of \$1,000 in a Fund, and if you held that investment in the Fund for one, three, five or ten years and redeemed immediately before the end of each of those periods.

	AT TIME OF PURCHASE	1 YEAR	3 YEARS	5 YEARS	10 YEARS
All sales are made on a “no load” basis	Nil	Nil	Nil	Nil	Nil

### DEALER COMPENSATION FROM MANAGEMENT FEES

Units of the Funds are not sold through third party dealers.

### INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Funds, the following is a fair summary of the principal Canadian federal income tax considerations generally applicable to the Funds and to purchasers of units of the Funds who are, at all relevant times, individuals (other

than trusts that are not governed by registered plans) resident in Canada, who deal at arm's length with and are not affiliated with the Funds and who hold their units as capital property, all within the meaning of the Tax Act. Generally, units will be considered to be capital property to a purchaser of units provided that such purchaser does not hold the units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain unitholders who might not otherwise be considered to hold their units as capital property may, in certain circumstances, be entitled to have such units, and all other Canadian securities owned in the taxation year of the election or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary does not apply to an investor who has entered or will enter into a "derivative forward agreement" as such term is defined in the Tax Act, with respect to the units.

This summary is based upon the information set out in this simplified prospectus, a certificate of the Manager, the current provisions of the Tax Act, counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("CRA") made publicly available in writing prior to the date hereof and an advance tax ruling dated February 11, 2020 received by the Funds from the CRA. This summary takes into account specific proposals to amend the Tax Act publicly announced and made publicly available prior to the date hereof by the Minister of Finance (Canada) (the "Proposed Amendments") and assumes that the Proposed Amendments will be enacted as proposed. No assurances can be given that the Proposed Amendments will be enacted in the form currently proposed, or at all. Otherwise, this summary does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, governmental or judicial action or decision.

This summary is based on the assumptions that none of the issuers of the securities held in the portfolios of the Funds is a foreign affiliate of any of the Funds or of any unitholder and that none of the securities held in the portfolio of any of the Funds is a tax shelter investment. Further, this summary assumes that none of the securities held in any of the portfolios of the Funds will be (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, interest or debt that would cause the Fund (or partnership) to include any significant amounts in income under section 94.1 of the Tax Act, (ii) securities of a non-resident trust other than an "exempt foreign trust" as defined in subsection 94(1) of the Tax Act (or a partnership which holds such interest), or (iii) an interest in a trust (or a partnership which holds such interest) that would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

This summary is also based on the assumption that none of the Funds will at any time be a "SIFT trust" as defined in the rules in the Tax Act relating to the tax for SIFT trusts and SIFT partnerships (the "SIFT Rules"). One of the conditions for a trust to be a SIFT trust is that investments in the trust must be listed or traded on a stock exchange or other public market, which includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. The Manager has advised counsel that the units of the Funds will not be listed or traded on a stock exchange, and it is not expected that the units will trade on any other trading system or organized facility. On this basis, the Funds should not be SIFT trusts.

This summary is of a general nature only and does not take into account the tax laws of any province or territory of Canada or of any jurisdiction outside Canada. In particular, this summary does not address the deductibility of interest on any funds borrowed by a unitholder to purchase units of a Fund. It is not intended to be, nor should it be construed to be, legal or tax advice, to any particular investor. Investors are urged to consult with their own tax advisers for advice regarding the income tax consequences of investing in units with respect to their particular circumstances.

## **Status of the Funds**

The Manager has advised counsel that each Fund is a “unit trust” and that each Fund is also a “mutual fund trust” as defined in the Tax Act. The Manager has further advised counsel that certain of the Funds have been registered as a registered investment for purposes of the Tax Act for registered plans and are expected to so qualify as registered investments at all relevant times.

To qualify as a mutual fund trust, a Fund must comply on a continuous basis with certain requirements relating to the qualification of its units for distribution to the public, the number of its unitholders and the dispersal of ownership of a particular class of its units. In addition, a Fund may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, at that time, substantially all of its property consists of property other than “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof).

The following discussion assumes that each Fund qualifies as a mutual fund trust at all relevant times. If a Fund were to fail to qualify as a mutual fund trust, the tax considerations may, in some respects, be materially different from those described below.

## **Taxation of the Funds**

Based on information provided by the Manager, each of the Funds, other than the Money Market Fund and the Portfolio Funds, has elected to have a taxation year that ends on December 15 of each calendar year. In the absence of such an election, a Fund will have a taxation year that ends on December 31 of each calendar year.

Each Fund will be subject to tax under Part I of the Tax Act on the amount of its income for each taxation year, including net realized taxable capital gains. However, the Tax Act provides that a trust, in computing its income for a year, may deduct such part of its income for the taxation year as became payable for the year to a unitholder. If a Fund has elected to have a taxation year that ends on December 15, such amounts may be paid or payable to unitholders of the Fund in the calendar year in which the taxation year-end falls. The Manager has advised counsel that the net income and net realized capital gains of each Fund for each taxation year will be payable to such Fund’s unitholders each year to the extent necessary so that there will be no tax payable by the Funds under Part I of the Tax Act (after taking into account any applicable losses or capital gains refunds to which the Fund is entitled).

Each Fund will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security in its portfolio and all interest that accrues to it to the end of the year or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. Upon the actual or deemed disposition of indebtedness, a Fund will be required to include in computing its income for the year of disposition all interest that accrued on

such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund's income for that or another taxation year and such income inclusion will not be included in the proceeds of disposition for purposes of computing any capital gain or loss.

On a conversion by a Fund of a convertible debenture into shares of a corporation, the Fund is considered not to have disposed of the convertible debenture and to have acquired the shares at a cost equal to the adjusted cost base to the Fund of the convertible debenture immediately before the exchange.

On a redemption or repayment of a convertible debenture, a Fund is considered to have disposed of the convertible debenture for proceeds of disposition equal to the amount received by the Fund (other than an amount received on account of interest) on such redemption or repayment.

To the extent a Fund holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a "SIFT trust" and held as capital property for purposes of the Tax Act, the Fund will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Fund by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Funds will effectively retain their character in the hands of the Fund. The Fund will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a Fund's portfolio that is a "SIFT trust" (which will generally include income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of "non-portfolio properties" (collectively, "Non-Portfolio Income"). Non-Portfolio Income that is distributed by an issuer that is a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules.

Upon the actual or deemed disposition of a security included in the portfolio of a Fund, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that each Fund has purchased, and will continue to purchase, securities in the portfolio of such Fund with

the objective of receiving distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses.

A loss realized by a Fund on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Fund, or a person affiliated with the Fund, acquires a property (a “substituted property”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund, or a person affiliated with the Fund, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund’s capital gains until the substituted property is sold and is not reacquired by the Fund, or a person affiliated with the Fund, within 30 days before and after the sale.

Each Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with a redemption of units.

Income of a Fund from foreign sources may be subject to foreign income and withholding taxes. To the extent that such foreign tax paid by a Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate in respect of a unitholder a portion of its foreign source income which can reasonably be considered to be part of the Fund’s income distributed to such unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Each of the Funds is required to compute its income, the cost and proceeds of disposition of portfolio securities, interest and all other amounts in Canadian dollars for purposes of the Tax Act in accordance with the rules in the Tax Act in that regard and may, as a consequence, realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar. Gains or losses in respect of currency hedges entered into in respect of amounts invested in securities by a Fund will constitute capital gains and capital losses to such Fund if the securities are capital property to the Fund provided there is sufficient linkage.

The Tax Act contains rules (the “DFA Rules”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of derivatives utilized by a Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

### **Taxation of Individual Unitholders Resident in Canada**

A unitholder will generally be required to include in computing his or her income for purposes of the Tax Act the amount of any net income, including net taxable capital gains, of a Fund for each year (computed prior to the deduction of amounts payable to unitholders for the year) which is

paid or payable to the unitholder in such year, whether such amount is reinvested in additional units or paid to the unitholder in cash. In the case of a Fund that has validly elected to have a December 15 taxation year end, amounts paid or payable by the Fund to a unitholder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the unitholder on December 15. The Manager has advised counsel that a sufficient amount of the net income and net realized capital gains of each Fund for each taxation year will be payable to unitholders of the Fund each year and distributed in the manner described under “*Distribution Policy*” in Part B of this Simplified Prospectus so that there will be no tax payable by the Funds under Part I of the Tax Act (after taking into account any applicable losses or capital gains refunds).

Because capital gains of the Funds are allocated only in the year that they are realized and income is distributed on a periodic basis, prospective purchasers acquiring units of a Fund may become taxable on unrealized gains and gains that have been realized or income that has been earned but not yet distributed by that Fund at the time the units were acquired, even though such income or gains are reflected in the cost of the units acquired. Further, if a Fund has elected to have a taxation year that ends on December 15 of a calendar year and a unitholder acquires units of such Fund after December 15 of such year, such unitholder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the units were acquired.

In general, provided the appropriate designations are made by a Fund, unitholders will be subject to tax under the Tax Act on their allocated portion of dividends from taxable Canadian corporations, foreign source income and taxable capital gains of the Fund for a year, in the same manner as if such designated amounts had been received directly by the unitholder. Accordingly, such amounts will generally retain their character and source for tax purposes including determining a unitholder’s entitlement to the applicable dividend gross-up and tax credit (including the enhanced gross-up and tax credit for certain eligible dividends) and the foreign tax credit.

A trust is permitted to deduct in computing its income for purposes of the Tax Act an amount less than the amount of its distributions of income for a year to the extent necessary to utilize in the year losses from prior years without affecting the ability of the Fund to distribute its income annually. Such amount distributed but not deducted by the Fund is not required to be included in the income of unitholders. However, such amount generally reduces the adjusted cost base of the unitholder’s units of the Fund. A Fund may distribute amounts in excess of the Fund’s income. Such excess distributions will generally not be included in the income of a unitholder but, unless such amount relates to the non-taxable portion of capital gains, the taxable portion of which has been allocated to the unitholder, will generally reduce the adjusted cost base of the unitholder’s units of the Fund. To the extent that the adjusted cost base of a unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the unit to the unitholder would then be nil.

Upon the disposition or deemed disposition of a unit (including a redemption, and, in particular, a redemption effected as part of a switch of units from one Fund to another or pursuant to a SWP), the unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the unit, net of reasonable expenses of disposition, exceed (or are exceeded by) the unitholder’s adjusted cost base of the unit as determined for the purposes of the Tax Act. For the purpose of determining the adjusted cost base of a unit to a unitholder, when the unit is acquired, the cost of the newly acquired unit will be averaged with the adjusted cost base of all units of the same class of the same Fund owned by the unitholder as capital property immediately before that time. One-half of any capital gains realized will be included in computing the income

of an individual as taxable capital gains and one-half of any capital loss (“allowable capital loss”) sustained must be deducted against taxable capital gains for the year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Holders of Class F units should consult their own tax advisors regarding the deductibility of any fees paid directly by the holder to the Manager in their particular circumstances.

Individual unitholders are generally subject to an alternative minimum tax. In general terms, net income of a Fund paid or payable to a unitholder will not increase the unitholder’s liability under the Tax Act for alternative minimum tax. However, amounts designated as, or deemed to be, net realized capital gains or taxable dividends from taxable Canadian corporations paid or payable to a unitholder by the Fund or taxable capital gains realized on the disposition of units by the unitholder may increase the unitholder’s liability, if any, for alternative minimum tax under the Tax Act.

### **Units held by Registered Plans**

The Manager has advised counsel that each Fund currently qualifies as a “mutual fund trust” under the Tax Act and (except in the case of the Dividend Fund, the Bond Fund, the Monthly Income Fund, the Balanced Portfolio and the Conservative Portfolio) is a registered investment under the Tax Act. Accordingly, units of each Fund are qualified investments for registered plans, so long as each Fund qualifies or is deemed to qualify as a mutual fund trust or qualifies as a registered investment under the Tax Act, as applicable.

The units of a Fund will not be a “prohibited investment” for trusts governed by a TFSA, FHSA, RRSP, RRIF, or RESP unless the holder of the TFSA or FHSA, the annuitant under the RRSP or RRIF or the subscriber of the RESP, as applicable, does not deal at arm’s length with such Fund for purposes of the Tax Act or has a “significant interest” as defined in the Tax Act in such Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in a Fund unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under such Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm’s length. In addition, the units of a Fund will not be a prohibited investment if such units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, FHSA, RRSP, RRIF, or RESP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether units of a Fund would be prohibited investments, including with respect to whether such units would be excluded property.

The proceeds of redemption of units of the Funds and the amount of income including net realized taxable capital gains distributed by the Funds to registered plans are generally not taxable under Part I of the Tax Act while retained by such registered plans provided that the units are qualified investments, and not prohibited investments, for such registered plans. Investors are urged to consult their own tax advisers regarding the implications of establishing, amending, terminating, or withdrawing amounts from a registered plan.

Investors are responsible for complying with the relevant income tax legislation in acquiring or holding units of a Fund through a registered plan, and the Funds and Manager assume no liability to such persons as a result of the units being made available for investment.

Class F investors should consult their own tax advisors regarding the deductibility of any fees paid directly by the investor to Educators Financial Group in their particular circumstances.

### **WHAT ARE YOUR LEGAL RIGHTS?**

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus or Fund Facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, Fund Facts or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or consult a lawyer.



**CERTIFICATE OF THE FUNDS, THE MANAGER AND PROMOTER**

Dated: May 16, 2023

This simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of Ontario and British Columbia, and do not contain any misrepresentations.

*(Signed) "Charles Hamilton"*

Charles Hamilton  
Chief Executive Officer of Educators  
Financial Group Inc., as Manager, Trustee  
and promoter of the Funds

*(Signed) "Nicholas Hrebicek"*

Nicholas Hrebicek  
Chief Financial Officer of Educators  
Financial Group Inc., as Manager,  
Trustee and promoter of the Funds

On behalf of the Board of Directors of Educators Financial Group Inc. as Manager, Trustee and promoter of the Funds

*(Signed) "Rhonda Kimberley-Young"*

Rhonda Kimberley-Young  
Director

*(Signed) "James Spray"*

James Spray  
Director

**CERTIFICATE OF THE FUNDS' PRINCIPAL DISTRIBUTOR**

Dated: May 16, 2023

To the best of our knowledge, information and belief, this simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of Ontario and British Columbia, and do not contain any misrepresentations.

*(Signed) "Charles Hamilton"*

Charles Hamilton  
Chief Executive Officer of Educators  
Financial Group Inc., as principal distributor  
of the Funds

*(Signed) "Nicholas Hrebicek"*

Nicholas Hrebicek  
Chief Financial Officer of Educators  
Financial Group Inc., as principal  
distributor of the Funds

On behalf of the Board of Directors of Educators Financial Group Inc. as principal distributor of the Funds

*(Signed) "Rhonda Kimberley-Young"*

Rhonda Kimberley-Young  
Director

*(Signed) "James Spray"*

James Spray  
Director

## **PART B: SPECIFIC INFORMATION ABOUT EACH OF THE FUNDS DESCRIBED IN THIS DOCUMENT**

You will find the key information about each of the Funds in the following pages. The following information is provided to help you more easily understand the specific information about each of the Funds described in Part B of this Simplified Prospectus.

### **WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?**

A mutual fund is a pool of money contributed by investors with similar investment objectives. Fund investors share the fund's income, expenses and the gains and losses the fund makes on its investments in proportion to the units they own. Other attributes of mutual funds are:

A mutual fund may invest in many different types of securities – stocks, bonds, and cash – depending on the fund's investment objectives. The values of these securities will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of any fund's units may go up and down and the value of your investment in a mutual fund may be more, or less, when you redeem it, than when it was purchased.

For a mutual fund that invests primarily in other mutual funds (a "fund of funds"), such as each of the Portfolio Funds, its performance and ability to meet its investment objectives are directly related to the investment performance and the objectives of the underlying funds it holds, and the risks of investing in such a fund include the risks of the underlying funds in which it invests.

Educators Financial Group does not guarantee that the full amount of your original investment in any of the Funds will be returned to you. Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

When you want to exit your investment in a mutual fund, you cause the fund to buy back, or "redeem", your units. Under exceptional circumstances, a mutual fund may suspend redemptions. Please see "*Purchases, Switches and Redemptions – Redemptions*" starting on page 23.

### **Investment Risks**

All investments have some level and type of risk. Simply stated, risk is the possibility you will lose money, or not make money on your investment. Each investor has a different tolerance for risk. Some investors are more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial circumstances and goals. The risks associated with investing in a mutual fund are similar to the risks associated with the securities in which the mutual fund invests. Generally, there is a strong relationship between the amount of risk associated with a particular investment and that investment's long-term potential to increase in value. Investments that have a lower risk also tend to have lower returns because factors that can affect the value of the investment, the risks, are well known or are well controlled and have already been worked into the price of the investment. On the other hand, investments that could have potentially higher returns when conditions are favourable also risk resulting in higher losses if conditions become unfavourable. This is because the factors affecting the value of such investments are less certain or difficult to control.

One way to reduce risk is to diversify your investments across the three main asset classes: money market investments for safety, bonds for income, and equity investments for growth. Since different types of investments tend to move independently from one another, positive performance in one asset class can help offset negative performance in another, thereby reducing overall risk in the long-term.

When deciding how much risk is right for you, think about how much time you have until you need the money:

- If you are investing for less than a year, you should not take undue risk. There may not be enough time to recover the full amount of your investment if the mutual fund falls in value. Lower-risk money market funds might be the best choice in these circumstances.
- A longer time horizon allows you to take on more risk. Although the value of your investments may drop in the short term, longer investment horizons may help to lessen the effects of short-term market volatility. Short investment horizons may result in you having to sell your investments in adverse conditions. Ideally, investors in growth funds have an investment horizon of five years or more, which may provide enough time for their investments to overcome any short-term decreases in value and grow.

The following summarizes the range of potential risks generally associated with investing in the Funds. Not all of the risks outlined below apply to all of the Funds. For the specific risks associated with a particular Fund, please see “*What are the Risks of Investing in the Fund?*” in Part B.

#### *Risks in Relation to Fixed Income Investments*

Fixed income funds have the advantage of providing a consistent stream of income, but generally lack the growth potential of equity funds. Funds that invest primarily in fixed income securities will be affected by both interest rate risk and credit risk as discussed below.

Interest Rate Risk: Those funds which concentrate on bonds and other fixed income investments will generally be affected by the general level of interest rates and the prevailing market conditions. Bond prices are usually more stable than stock prices but will fluctuate inversely with interest rates. Generally, when interest rates fall, unit values will rise and, conversely, when interest rates rise, unit values will fall.

Credit Risk: Credit risk is the risk that the issuer of a debt obligation owned by a fund will be unable to make interest payments or repay the principal owing on that debt instrument. Securities issued by well established companies or by governments of developed countries tend to have a lower credit risk and are generally assigned a higher credit rating by rating organizations. Securities that have a low credit rating have a high credit risk. The market value of a debt security can be affected by a downgrade in the issuer’s credit rating, which generally reflects that the perceived credit worthiness of the issuer or any assets backing the debt security has deteriorated.

#### *Risks in Relation to Equity Investments*

Funds that invest primarily in equities will have varying degrees of risk, from being relatively conservative at one end, to very aggressive, or risky, at the other end, depending on the nature of their investment objectives and strategies. For example, a fund that invests in smaller capitalization companies and/or growth stocks may be more volatile than a fund that invests in value stocks.

Equity funds tend to be more volatile than fixed income funds and the value of their units may fluctuate to a greater degree than fixed income funds.

Those funds which concentrate on equity investment will be affected by the fortunes of the companies that issue the equity securities and will be influenced by conditions affecting the stock market prices where the securities are traded, as well as general economic trends.

#### *Risks in Relation to Commodities*

The Funds do not invest in commodities, such as oil, gold or natural gas. However, certain of the Funds invest directly or indirectly in issuers that hold commodities or which derive their value from commodities. The market value of the securities of these issuers, and hence the value of the Fund's investment in these issuers, may be affected by adverse movements in commodity prices. When commodity prices decline, it generally has a negative impact on the earnings and hence share value of companies whose business is dependent on commodities.

#### *Risks in Relation to Foreign Investments*

In addition to the risks described above, funds that invest in foreign securities will be affected by the following:

Exchange Rate Risk. The investments of funds that directly invest in debt or equity securities of foreign issuers are affected by world economic factors and by the value of the Canadian dollar as measured against the foreign currencies in which those debt or equity investments are denominated.

Foreign Portfolio Investment Risk. Investing on a global basis involves certain additional risks that are not typically associated with investing in Canada and the United States. These include the following.

- Companies may be less regulated and may have lower accounting, auditing and financial reporting standards.
- There may be less publicly available information about a foreign issuer than about a Canadian or a US company.
- Volume and liquidity in some foreign stock and bond markets are less than in Canada and the United States. Fewer market trades mean greater volatility.
- Commissions on foreign securities transactions are generally higher than negotiated commissions on Canadian and United States exchanges.
- There is generally less government supervision and regulation of stock exchanges, listed companies, and investment dealers.
- With respect to certain foreign countries, particularly emerging countries, there is a possibility of asset expropriation or confiscatory taxation, political or social instability, adverse diplomatic developments or restrictions on the movement of capital and the availability of securities that could affect the value or liquidity of investments.

### *Risks in Relation to Derivatives*

Certain of the Funds may invest in permitted derivatives to the extent and for the purposes permitted by securities legislation. Some of such Funds may use permitted derivatives for both hedging and non-hedging purposes. The primary risk associated with an investment in a permitted derivative is that its value can be reduced to nil or a nominal amount if the price of the underlying security should decrease significantly below the exercise price (in the case of a call option or warrant) or increase significantly above the exercise price (in the case of a put option). Also, because permitted derivatives have a limited term, their value is influenced by the length of time to expiry. Some other risks of investing in derivatives are:

- We cannot assure you that the Fund's hedging strategies will be effective. There may be an imperfect historical correlation between changes in the market value of the investment or attributes of the investment (including currency exposure) being hedged and the instrument with which the investment or attribute is hedged. Any historical correlation may not continue for the period during which the hedge is in place. Hedging against changes in stock markets or interest rates does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline.
- We cannot assure you that a liquid exchange or over-the-counter market will exist to permit the Fund to realize profits or limit losses by closing out positions.
- The Fund is subject to the credit risk that its counterparties may be unable to meet their obligations.
- There is a risk of loss of margin deposits in the event of bankruptcy of a dealer with whom the Fund has an open position in an option or futures or forward contract.
- Derivative investments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets.
- The Fund's ability to close out a position may also be affected by stock exchange imposed daily trading limits on options and futures contracts. If the Fund is unable to close out a position, it will be unable to realize profits or limit losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. If the Fund is unable to close out options, futures or forward positions, then this could have an adverse impact on the Fund's ability to use derivatives to hedge its portfolio effectively or implement its investment strategy.
- Stock index options and futures contracts present the additional risk that index prices may be distorted if trading of certain stocks included in the index is interrupted. Trading in these derivative instruments also may be interrupted if trading is halted in a substantial number of stocks included in the index. If this occurred, the Fund would be unable to close out options and futures positions, and if restrictions on exercise of the options or performance of the futures contracts were imposed, the Fund might experience substantial losses.

### *Risks in Relation to Asset-backed and Mortgage-backed Securities*

Asset-backed securities are debt obligations that are backed by pools of consumer or business loans. Some asset-backed securities are short-term debt obligations, called asset-backed commercial paper (“ABCP”). Mortgage-backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. If there are changes in the market perception of issuers of these types of securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In the case of ABCP, there is an additional risk that there may be a mismatch in timing between the cash flow of the underlying assets backing the security and the repayment obligation of the security upon maturity. In the case of mortgage-backed securities, there is also the risk that there may be a drop in the interest rates charged on the mortgages, a mortgagor may default on its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

### *Risks in Relation to Tax Matters*

If a Fund fails or ceases to qualify as a mutual fund trust under the *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”), the income tax considerations described under “*Income Tax Considerations for Investors*” would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the unitholders.

In determining its income for tax purposes, each Fund will treat gains or losses realized on the disposition of its portfolio securities and expect to treat gains or losses in respect of foreign currency hedges entered into by the Fund, as capital gains and losses. Designations with respect to each Fund’s income and capital gains will be made and reported to unitholders on this basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and therefore no advance income tax ruling relating to these matters has been requested or obtained. If these dispositions or transactions of a Fund are determined not to be on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to unitholders could increase. Any such redetermination by the CRA may result in a Fund being liable for unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of a Fund or net asset value per unit of a Fund.

The Tax Act contains rules (the “DFA Rules”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of derivatives utilized by a Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Fund that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Fund’s income and net realized capital gains, if any, at such time to unitholders so that the Fund is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and

restrictions on its ability to carry forward losses. Generally, a Fund will be subject to a loss restriction event if a person becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Fund is a beneficiary in the income or capital, as the case may be, of the Fund whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Fund. See “*Income Tax Considerations for Investors*” for the tax consequences of an unscheduled or other distribution to unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. If a Fund were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

Certain of the Funds invest in foreign securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“Tax Treaties”) to impose tax on dividends and interest paid or credited to persons who are not resident in such countries. While the Funds intend to make their investments in such a manner as to mitigate the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in selected foreign securities may subject a Fund to foreign taxes on dividends and interest paid or credited to the Fund or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Fund will generally reduce the value of the Fund and amounts payable to its unitholders. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income and the Fund designates its income from a foreign source in respect of a unitholder of the Fund, the unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the unitholder’s proportionate share of foreign taxes paid by the Fund in respect of such income as foreign taxes paid by the unitholder. The availability of foreign tax credits to a unitholder of a Fund is subject to the detailed rules in the Tax Act.

#### *Risks in Relation to Securities Lending*

Each Fund other than the Bond Fund and the Portfolio Funds is permitted to lend its portfolio securities. In a securities lending transaction, the Fund lends its portfolio securities to another party (known as the counterparty) in exchange for a fee and collateral of a type acceptable to the Canadian securities administrators. The value of this collateral relative to the value of the loaned securities is adjusted each trading day, so that at the end of the day, the Fund has collateral with a value greater than the value of the securities which have been loaned. There is the possibility that the counterparty may default on its obligation to return the loaned securities to the Fund, and that the collateral held by the Fund might not be sufficient to permit the Fund to replace the loaned securities, if (for example) there has been a significant increase in the value of the loaned securities on the day the default occurs.



As part of a Fund's securities lending activities, the Fund may enter into repurchase or reverse repurchase agreements. A repurchase transaction occurs when the Fund sells a security that it owns to a third party for cash and agrees to buy back the same security from the same party at a specified price at an agreed upon future date. In a reverse repurchase transaction, the Fund buys a security at one price from a third party and agrees to sell the same security back to that party at a specified price at an agreed upon future date. One of the risks with these types of transactions is that the other party may default under its agreement with the Fund or become insolvent. In a reverse repurchase transaction, the Fund is left holding the security and may not be able to sell the security at the same price it paid for it, plus interest, if the other party defaults and the value of the security has dropped in the meantime. In a repurchase transaction, the Fund could incur a loss if the other party defaults and the value of the security sold has increased more than the value of the cash and the collateral held by the Fund. As with securities lending generally, these risks are reduced by the collateral requirements in applicable securities legislation, as well as the other limits such legislation imposes on a Fund's securities lending activities including the use of repurchase or reverse repurchase agreements.

#### *Multiple Class Risk*

Each Fund offers more than one class of units. Each class has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that class, thereby reducing its unit value. If one class is unable to pay its expenses or liabilities, the assets of the other class or classes will be used to pay those expenses or liabilities. As a result, the unit price of the other class or classes may also be reduced.

#### *Asset Allocation Risk*

Funds that invest across different asset classes, such as domestic fixed income, foreign fixed income, Canadian equities and/or foreign equities, will assign a strategic weight to each of the asset classes that is consistent with the intended investment objective and risk profile of the Fund. This is called "asset allocation". In certain cases, the Fund's investment advisor may also utilize tactical asset allocation strategies in an attempt to add value to the Fund and to provide more stable returns by taking advantage of current and expected future market conditions. This is done by actively adjusting the Fund's exposure to the different asset classes by increasing or decreasing its weight to a particular asset class or asset classes, while remaining within an acceptable range. Asset allocation risk is the risk that one or more of the asset classes for which the Fund's exposure was tactically increased may underperform relative to other asset classes; or conversely, that one or more of the asset classes for which the Fund's exposure was tactically decreased may outperform relative to other asset classes.

#### *Underlying Fund Risk*

The Funds invest directly in, or obtain exposure to, other mutual funds as part of their investment strategy. The Funds will be subject to the risks of the underlying funds. In addition, if a Fund holds units of an underlying fund, and the underlying fund suspends redemptions, the Fund will be unable to value part of its portfolio and may be unable to redeem units in the underlying fund. The Funds may have more than 10% of their net assets invested in an underlying fund or they may own more than 10% of the units of an underlying fund at any time. Therefore, if a Fund redeems a large number of units of an underlying fund, it may cause the underlying fund to have to change the composition of its portfolio significantly or sell its investments at unfavourable prices, which could impact the overall performance of the underlying fund, and consequently the Funds' remaining investment, if any, in the underlying fund.

### *Volatile Markets and Market Disruption Risk*

The performance of the Funds may go up or down, sometimes rapidly or unpredictably. The Funds' investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investment in securities markets. Securities markets can be volatile, and prices of investments can change substantially due to various factors including but not limited to, economic growth or recession; changes in interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. Even if general economic conditions do not change, the value of an investment in a Fund could decline if the particular industries, sectors or issuers in which a Fund invests do not perform well or are adversely affected by certain events. Further, political, legal, regulatory and tax changes may also cause fluctuations in markets and securities prices. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. For example, the spread of coronavirus disease (COVID-19) and its variants throughout 2020 and 2021 has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and caused a slowdown in the global economy. The effects of similar unexpected disruptive events could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also have an acute effect on individual issuers or related groups of issuers and exacerbate other pre-existing political, social and economic risks. Such impacts could also cause substantial market volatility, exchange trading suspensions and closures, affect a Fund's performance and significantly reduce the value of an investment in units. Each Fund is therefore exposed to some, and at times, a substantial, degree of market risk.

### *Confidentiality of Personal Information*

At Educators Financial Group we maintain current security standards to ensure that personal and financial information is protected against unauthorized access, disclosure, inappropriate alteration or misuse. All safety and security measures are appropriate to the sensitivity of the information. Some of our service providers may be located in the United States, and to the extent your personal information is located outside of Canada, it will be subject to any legal requirements in the US applicable to these service providers. For example, there could be lawful requirements imposed on our US service providers to disclose personal information to various US government authorities.

## **FUND DETAILS**

This section contains an overview of the Fund – what kind of Fund it is and when it was established. This section identifies whether units of the Fund are eligible for investment by registered plans such as RRSPs, RRIFs, RESPs, FHSAs and TFSAs. This section also shows the name of the portfolio adviser of each Fund – the company that manages the Fund's investment portfolio.

## **What Does the Fund Invest In?**

### *Investment Objective and Strategies*

This section outlines the investment objectives and strategies of the Fund. A Fund's investment objectives are the primary goals of the Fund and the type of securities the Fund invests in. The Fund's investment strategies set out how the Fund's portfolio adviser tries to achieve the Fund's investment objective.

### *Securities Lending*

Each of the Funds, other than the Educators Bond Fund and the Portfolio Funds, may engage in securities lending, using the Custodian as the Fund's securities lending agent. Securities lending transactions earn fees for a Fund from the counterparty to whom the securities are loaned. The rules regarding a Fund's securities lending activities are prescribed by the securities regulatory authorities. In particular, a Fund may only deal with counterparties that meet generally acceptable creditworthiness standards; the Fund must receive collateral from the counterparty equal to 102% of the value of the securities loaned, adjusted each trading day that the loan remains outstanding; and the Fund is limited in the aggregate value of the securities which may be loaned to no more than 50% of the total assets of the Fund (calculated without including the value of the collateral received by the Fund).

## **What are the Risks of Investing in the Fund?**

This section sets out the specific risks of investing in the Fund. You will find general information on the risks associated with investing in mutual funds in "*What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund – Investment Risks*" on page 38.

### *Investment Risk Classification Methodology*

We assign a risk rating to each Fund as a guide to help you decide whether to invest in the Fund. The investment risk level of the Funds is required to be determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. The standardized risk classification methodology that we use to identify the investment risk level of the Funds is available at no cost by calling us or writing to us at the telephone number and address set out on the last page of this simplified prospectus.

### The Portfolio Funds

The Portfolio Funds were created on January 2, 2018. As these Funds have less than 10 years of performance history, we will use the actual performance of a Fund for the period of time it has been in existence and the return for an appropriate reference index or blend of reference indices, or the returns of an appropriate other mutual fund, for the remainder of the 10-year period. The names of the reference indices or funds we use to calculate the risk rating for these Funds are as follows:

<b>Name of Fund</b>	<b>Reference Index</b>	<b>Weighting</b>
Educators Monitored Aggressive Portfolio	<i>FTSE Canada Universe Bond Index</i>	10.0%
	<i>S&amp;P/TSX Composite Total Return Index</i>	27.5%
	<i>S&amp;P 500 Total Return Index – C\$ (net of withholding taxes)</i>	34.0%
	<i>MSCI EAFE Total Return Index – \$ (net of withholding taxes)</i>	28.5%
Educators Monitored Balanced Portfolio	<i>FTSE 91-day T-bill Index</i>	5.0%
	<i>FTSE Canada Short Term Bond Index</i>	6.0%
	<i>FTSE Canada Universe Bond Index</i>	37.0%
	<i>S&amp;P/TSX Composite Total Return Index</i>	24.5%
	<i>S&amp;P 500 Total Return Index – C\$ (net of withholding taxes)</i>	15.0%
	<i>MSCI EAFE Total Return Index – C\$ (net of withholding taxes)</i>	12.5%
Educators Monitored Conservative Portfolio	<i>FTSE 91-day T-bill Index</i>	5.0%
	<i>FTSE Canada Short Term Bond Index</i>	15.5%
	<i>FTSE Canada Universe Bond Index</i>	51.5%
	<i>S&amp;P/TSX Composite Total Return Index</i>	16.0%
	<i>S&amp;P 500 Total Return Index – C\$ (net of withholding taxes)</i>	6.5%
	<i>MSCI EAFE Total Return Index – C\$ (net of withholding taxes)</i>	5.5%
Educators Monitored Growth Portfolio	<i>FTSE Canada Short Term Bond Index</i>	2.5%
	<i>FTSE Canada Universe Bond Index</i>	22.5%
	<i>S&amp;P/TSX Composite Total Return Index</i>	30.0%
	<i>S&amp;P 500 Total Return Index – C\$ (net of withholding taxes)</i>	25.0%
	<i>MSCI EAFE Total Return Index – C\$ (net of withholding taxes)</i>	20.0%

### **Who Should Invest in this Fund?**

This section describes the kind of investor the Fund may be suitable for, including the investor's level of risk tolerance and investment horizon. Determining which Fund or Funds may be suitable for you involves considering the volatility of the Funds (based on our investment risk classification methodology discussed below) and your investment goals, your willingness and ability to accept risk, and your investment time horizon. We will assist you in examining these issues and work with you to select the most suitable Fund(s) for you.

### **Distribution Policy**

This section describes each Fund's policies regarding the distribution of income and capital gains to investors. Each year net income and net realized capital gains of a Fund are paid or made

payable to investors to the extent necessary to ensure that the Fund will not be subject to non-refundable income tax under Part I of the Tax Act in respect of that year.

### **Fund Expenses Indirectly Borne by Investors**

The information in this table may assist you in comparing the indirect costs of investing in a Fund with the indirect cost of investing in other mutual funds. These costs are indirect, because they are paid out of the Fund's assets instead of being paid directly by you. As a result, they have the effect of lowering the return you receive on an investment in the Fund. Details of these indirect costs are provided under "*Fees and Expenses*" starting on page 25. The information provided in this table shows your cumulative proportionate share of the fees and expenses of the Fund, in Canadian dollars, over a period of one, three, five and ten years assuming:

- an initial investment of \$1,000;
- a total annual return of the Fund of 5% in each year; and
- that the MER of the Fund for each year was the same as the Fund's MER in 2022, calculated in accordance with the requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

## EDUCATORS BALANCED FUND

### Fund Details

Type of Fund:	Canadian Equity Balanced
Date Fund was Started:	June 24, 1984 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class E units, Class I units and Class F units
Portfolio Adviser:	Beutel, Goodman & Company Ltd.
Registered Plan Eligibility:	Yes

(1) Class A units were initially offered on this date. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class E units were first offered by an amendment dated February 20, 2020 to the simplified prospectus dated May 17, 2019. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund's investment objective is to provide a less volatile and more stable growth of assets by investing in a balanced asset mix of short-term fixed income securities, common and preferred shares, index participation units such as Standard & Poor's Depositary Receipts, and bonds. The Fund invests primarily in securities of Canadian governments and corporations. The asset mix is varied depending on the outlook for the economy and financial markets. There is no pre-determined percentage mix of securities.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

When selecting companies to invest in to achieve the Fund's investment objective, the portfolio adviser uses a disciplined investment process to maintain the most suitable asset mix to achieve a balance of the portfolio securities given the portfolio adviser's investment outlook.

#### Securities Eligible for Investment

Acceptable equity investments include the following:

- Common and preferred stocks listed on major recognized Canadian or global exchanges;
- Warrants on qualified stocks;
- Securities which are convertible into qualified stocks;
- Income trusts;

- With respect to that portion of the Fund's portfolio invested in foreign securities, which are generally limited to no more than 40% of the Fund's net assets, the Fund may hold Index participation units and index certificates, mutual fund units, pooled fund units and ADRs / GDRs.

Acceptable debt and cash investments include the following:

- Cash;
- Short-term investments having a term to maturity not exceeding 1 year including Federal and Provincial Government and Government Guaranteed securities, deposit receipts of Canadian chartered banks and commercial paper;
- Bonds, debentures, mortgages, notes, preferred shares or other debt instruments of Federal and Provincial Governments, Government agencies and corporations. The minimum quality rating for any preferred share issue will be Pfd-3 by Dominion Bond Rating Service ("DBRS") or P-2 by S&P;
- Guaranteed investment contracts or equivalent of insurance companies, trust companies, banks or other eligible issuers, or funds which invest primarily in such instruments;
- Inflation linked securities;
- Debt securities issued by financial institutions that can be converted into equity as determined by the regulator (Non-viability Contingent Capital and/or Bail In senior debt). If the debt is converted, a best-efforts basis will be used to liquidate the equity securities.

Private placements that are listed in a global fixed income index, consistent with the Fund's investment objectives, strategies and restrictions.

#### Diversification & Quality Standards

The Fund will only invest in debt securities rated "BBB" or higher. The maximum allocation to BBB rated debt securities will be the benchmark of the Fund plus 15% of the Fund's assets. Overall, the average rating of the bonds in the portfolio will be at least "A".

The rating for each bond is based on the FTSE Canada Index methodology.

The index methodology is based on ratings from DBRS, Standard and Poor's, Moody's Investor Services and Fitch. In cases where the agencies do not agree on the credit rating, the rating used will be derived from the following:

- If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings;
- If three agencies rate a security, use the most common rating;
- In the event all three agencies disagree, use the middle rating;
- If four agencies rate a security, use the most common rating;

- If four agencies rate a security with a two-way split, use the lower rating;
- If all four agencies disagree, consider the three lower ratings applying the three-rating methodology rule.

The Fund's current target asset mix and allowable ranges are set out in the table below.

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	30	<b>40</b>	60
Cash and Equivalents	0	<b>0</b>	15
Bonds	30	<b>40</b>	60
Total Equities	40	<b>60</b>	70
Canadian Equities	25	<b>35</b>	55
Foreign Equities	15	<b>25</b>	40

### Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

### Portfolio Turnover

Depending upon the proportion of equity securities and debt securities in the portfolio, the term to maturity of the debt securities held and the portfolio adviser's frequency of trading the equity securities, the portfolio turnover rate of the Fund may in some years be higher than 70%. The higher the Fund's portfolio turnover rate, 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.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Equity Investments
- Commodities
- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)



**Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want a Canadian fund that focuses on investing in a balanced mix of fixed income and equity securities.
- Have longer term investment goals.
- Are comfortable with low to medium investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under “*Who Should Invest in this Fund – Investment Risk Classification Methodology*”.

This Fund may not be appropriate for an investor who needs regular income or stability of capital or is pursuing a short-term investment goal.

**Distribution Policy**

The Fund’s net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See *Fund Expenses Indirectly Borne by Investors* on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$19.53	\$61.58	\$107.93	\$245.68
Class E units	\$15.61	\$49.21	\$86.25	\$196.33
Class I units	Nil	Nil	Nil	Nil
Class F units	\$8.27	\$26.06	\$45.68	\$103.97

## EDUCATORS BOND FUND

### Fund Details

Type of Fund:	Canadian Fixed Income
Date Fund was Started:	March 31, 2011 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	Beutel, Goodman & Company Ltd.
Registered Plan Eligibility:	Yes

(1) The Fund was established on March 14, 2011; Class A units first offered by prospectus dated March 31, 2011. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

This Fund seeks to earn a high rate of income return by investing primarily in fixed-income securities of Canadian governments and corporate issuers.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

#### Securities Eligible for Investment

The Fund may invest in any or all of the following securities:

- Cash;
- Short-term investments having a term to maturity not exceeding 1 year including Federal and Provincial Government and Government guaranteed securities, deposit receipts of Canadian chartered banks and commercial paper;
- Bonds, debentures, mortgages, notes, preferred shares or other debt instruments of Federal and Provincial Governments, Government agencies and corporations. The minimum quality rating for any preferred share issue will be Pfd-3 by DBRS or P-3 by S&P;
- Guaranteed investment contracts or equivalent of insurance companies, trust companies, banks or other eligible issuers, or funds which invest primarily in such instruments;
- Inflation linked securities;
- Debt securities issued by financial institutions that can be converted into equity as determined by the regulator (Non-viability Contingent Capital, contingent capital securities

(cocos) and/or Bail In senior debt). If the debt is converted, a best-efforts basis will be used to liquidate the equity securities; Private placements that are listed in a global fixed income index, consistent with the Fund's investment objectives, strategies and restrictions;

Derivative instruments/forward and futures contracts may be used for the purpose of risk and duration management, foreign currency hedging and liquidity enhancement. ETFs, mutual funds, pooled funds or closed end funds invested in any or all of the above asset categories. The underlying funds will not have embedded management fees in them. If ETFs are utilized, any management fees paid will be refunded to the Fund.

Diversification & Quality Standards

The Fund's target asset mix and allowable ranges are set forth in the tables below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	70	<b>100</b>	100
Canadian Bonds	70	<b>100</b>	100
Foreign Bonds	0	<b>0</b>	30
Cash & Cash Equivalents	0	<b>0</b>	30

<u>Security Weights</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Government of Canada*	0	100
Provincials	0	100% FTSE Canada Universe Bond Index ("Benchmark") + 35
Municipals	0	Benchmark + 5
Investment Grade Corporates	20	Benchmark + 40
Foreign Pay	0	20
Mortgages	0	20
Preferred Shares	0	10

\*Includes cash and short-term securities.

The weighted average credit rating of the fixed income portfolio will be at least BBB. The minimum credit rating at the time of purchase for a corporate bond is B.

The rating for each bond is based on the FTSE Canada Index methodology.

The index methodology is based on ratings from DBRS, Standard and Poor's, Moody's Investor Services and Fitch. In cases where the agencies do not agree on the credit rating, the rating used will be derived from the following:

- If two agencies rate a security, use the lower of the two ratings;
- If three agencies rate a security, use the middle rating;

- If four agencies rate a security, use the middle of the three lowest ratings.

The duration of the fixed income portfolio will not exceed 2 duration years above or below that of the Benchmark.

### Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Risks in Relation to Derivatives
- Securities Lending
- Tax
- Underlying Fund
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Are seeking fixed income level returns.
- Have a low tolerance for risk.
- Are investing for the medium-term to long-term.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*Who Should Invest in this Fund – Investment Risk Classification Methodology*".

### **Distribution Policy**

The Fund's net income is currently distributed quarterly to unitholders. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See *Fund Expenses Indirectly Borne by Investors* on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$12.97	\$40.90	\$71.69	\$163.19
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$5.25	\$16.56	\$29.03	\$66.09

## EDUCATORS DIVIDEND FUND

### Fund Details

Type of Fund:	Canadian Dividend & Income Equity
Date Fund was Started:	February 7, 2000 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	BMO Asset Management Inc.
Registered Plan Eligibility:	Yes

(1) Class A units were initially offered on this date. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund's investment objective is to provide investors with a stable and growing stream of after-tax income with long-term capital growth.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

To achieve its investment objective, the Fund invests primarily in dividend producing preferred and common shares of Canadian corporations to take advantage of the favourable tax treatment generally available to individual Canadians who receive dividend income from Canadian corporations.

#### Securities Eligible for Investment

Acceptable equity investments include the following:

- Common and preferred stocks listed on major recognized Canadian or global exchanges;
- Stocks which are expected to be listed on major recognized Canadian or major global stock exchanges within three months of acquisition and for which an application for listing is pending;
- Warrants on qualified stocks;
- Securities which are convertible into qualified stocks;
- Income trusts;

- With respect to that portion of the Fund’s portfolio invested in foreign securities, which are generally limited to no more than 25% of the Fund’s net assets, the Fund may hold index participation units and index certificates, mutual fund units and ADRs or GDRs.

Acceptable money market investments include the following:

- Cash equivalent instruments issued by governments of corporations, with terms to maturity of up to 12 months;
- The portfolio adviser will only invest in money market securities rated “R1” or higher at the time of purchase by Dominion Bond Rating Service or the equivalent rating as defined by other recognized agencies;
- In the event of a ratings downgrade the portfolio adviser will make every effort to liquidate the position as soon as it is feasible to do so.

Diversification & Quality Standards

The preferred shares will have a minimum rating of “P3”. Overall, the average rating of the preferred shares in the portfolio will be at least “P2” as rated by recognized agencies.

The Fund’s current target asset mix and allowable ranges are set out in the table below.

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Equities	90	<b>100</b>	100
Canadian Equities	65	<b>100</b>	100
Foreign Equities	0	<b>0</b>	25
Cash and Equivalents	0	<b>0</b>	10

Currency Hedging

The use of currency hedging is permitted and is currently employed by the portfolio adviser.

Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

**What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Equity Investments

- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund’s portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

**Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want to maximize their after-tax income in a non-registered account.
- Want a Canadian equity fund that focuses on investing in established companies.
- Are comfortable with medium investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under “*Who Should Invest in this Fund – Investment Risk Classification Methodology*”.

**Distribution Policy**

The Fund’s net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See *Fund Expenses Indirectly Borne by Investors* on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$18.89	\$59.56	\$104.40	\$237.65
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$8.27	\$26.06	\$45.68	\$103.97



## EDUCATORS GROWTH FUND

### Fund Details

Type of Fund:	Canadian Equity
Date Fund was Started:	June 24, 1984 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	Fiera Capital Corporation
Registered Plan Eligibility:	Yes

(1) The Fund was established on June 1, 1975; Class A units first offered by prospectus on June 24, 1984. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund's investment objective is to provide above-average capital growth over the long-term by investing in growth oriented Canadian companies.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

The Fund invests primarily in common shares of established Canadian corporations and other equity securities.

#### Securities Eligible for Investment

Acceptable equity investments include the following:

- Common and preferred stocks listed on major recognized Canadian or global exchanges;
- Stocks which are expected to be listed on major recognized Canadian or major global stock exchanges within three months of acquisition and for which an application for listing is pending;
- Warrants on qualified stocks;
- Securities which are convertible into qualified stocks;
- Income trusts;
- Exchange-traded funds (up to 6% maximum of 15%);

- With respect to that portion of the Fund’s portfolio invested in foreign securities, which are generally limited to no more than 15% of the Fund’s net assets, the Fund may hold index participation units and index certificates, mutual fund units and ADRs or GDRs.

Acceptable money market investments include the following:

- Cash equivalent instruments issued by governments of corporations, with terms to maturity of up to 12 months;
- The portfolio adviser will only invest in money market securities rated “R1” or higher at the time of purchase by Dominion Bond Rating Service or the equivalent rating as defined by other recognized agencies;
- In the event of a ratings downgrade the portfolio adviser will make every effort to liquidate the position as soon as it is feasible to do so.

Diversification & Quality Standards

The preferred shares will have a minimum rating of “P3”. Overall, the average rating of the preferred shares in the portfolio will be at least “P2” as rated by recognized agencies.

The Fund’s current target asset mix and allowable ranges are set out in the table below.

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Equities	90	<b>100</b>	100
Canadian Equities	75	<b>100</b>	100
Foreign Equities	0	<b>0</b>	15
Cash and Equivalents	0	<b>0</b>	10

Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

**What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Equity Investments
- Commodities

- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### Who Should Invest in this Fund?

The Fund is suitable for investors who:

- Want to invest in a fund which invests in Canadian companies with high growth potential.
- Are comfortable with medium investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*Who Should Invest in this Fund – Investment Risk Classification Methodology*".

This Fund may not be appropriate for an investor who needs regular income or stability of principal or is pursuing a short-term investment goal.

### Distribution Policy

The Fund's net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

### Fund Expenses Indirectly Borne by Investors

See *Fund Expenses Indirectly Borne by Investors* on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	1 year	3 years	5 years	10 years
Class A units	\$20.70	\$65.27	\$114.41	\$260.42
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$8.79	\$27.70	\$48.55	\$110.52

## EDUCATORS MONEY MARKET FUND

### Funds Details

Type of Fund:	Canadian Money Market
Date Fund was Started:	June 24, 1984 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	Fiera Capital Corporation
Registered Plan Eligibility:	Yes

(1) The Fund was established on June 1, 1975; Class A units first offered by prospectus on June 24, 1984. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund's investment objective is to produce a high level of interest income consistent with the goal to 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.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

The portfolio adviser primarily uses the following strategies to achieve the Fund's objectives:

- Select a variety of investment maturities based on the interest rate outlook;
- Determine the best potential investments for the portfolio by analyzing the credit worthiness of various issuers;
- Diversify the Fund's portfolio by allocating investments among government and corporate securities.

#### Securities Eligible for Investment

The Fund invests primarily in Canadian federal treasury bills, short-term securities issued by a Canadian province or territory and high-quality Canadian corporate debt instruments maturing within one year. The weighted average term to maturity of holdings in the Fund shall not exceed 90 days, and 90 days when calculated on the basis that the term of a floating rate debt obligation is the period remaining to the date of the next rate setting.

### Diversification & Quality Standards

Cash equivalents originally issued with a term to maturity of 12 months or less will have a minimum DBRS credit rating of R1 or an equivalent rating by another designated credit rating agency.

Assets denominated in a currency other than the Canadian dollar will not exceed 5% of the portfolio.

At least 5% of the Fund's assets are invested in cash or in assets readily convertible into cash within one day, and at least 15% of its assets are invested in cash or in assets readily convertible into cash within one week.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Asset-backed and Mortgage-backed Securities
- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

Although the Fund intends to maintain a constant price for its securities, there is no guarantee that the price will not go up or down.

In addition, the net asset value of the Fund will fluctuate throughout a month, until the income for the month is distributed to unitholders, as described under "*Distribution Policy*".

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)

**Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want a core Canadian money market fund for their portfolio.
- Want a regular income stream.
- Prefer low investment risk.
- Want a secure investment for the cash portion of their portfolio along with interest income.
- Want a short-term investment.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under “*Who Should Invest in this Fund – Investment Risk Classification Methodology*”.

**Distribution Policy**

Each month, the Fund distributes all of its net income, and typically does not realize any capital gains, with the result that the net asset value per unit of the Fund typically resets to \$10.00 at the end of each month. For example, if the net asset value of a unit is \$10.00 at the start of the month, and the Fund earns \$0.05 of income per unit during the month, the net asset value of the Fund immediately prior to month end will be \$10.05 (assuming no expenses that month). When that \$0.05 per unit of income is paid to the holders at the end of the month, the net asset value per unit again becomes \$10.00. Net realized capital gains, if any, are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash. Please note that there can be no guarantee that the net asset value of a unit of the Fund will always reset to \$10.00 at month end.

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$5.88	\$18.52	\$32.47	\$73.91
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$3.50	\$11.02	\$19.32	\$43.98

## EDUCATORS MONTHLY INCOME FUND

Type of Fund:	Canadian Equity Balanced
Date Fund was Started:	March 31, 2011 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	Fiera Capital Corporation
Registered Plan Eligibility:	Yes

(1) The Fund was established on March 14, 2011; Class A units first offered by prospectus dated March 31, 2011. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The fundamental investment objective of the Fund is to provide a consistent stream of monthly income and some capital appreciation by investing in a portfolio of fixed income, investment trust units and equity investments.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

The Fund will invest in fixed income and equity securities.

#### Securities Eligible for Investment

Acceptable equity investments include the following:

- Common and preferred stocks listed on major recognized Canadian or global exchanges;
- Warrants, on qualified stocks;
- Securities which are convertible into qualified stocks;
- Index participation units and exchanged traded funds (ETFs) to a limit of 5% of the Fund's current market value and subject to post-trade approval by the Investment Committee;
- Income trusts, REITS and royalty trusts;
- With respect to that portion of the Fund's portfolio invested in foreign securities, which are generally limited to no more than 30% of the Fund's net assets, the Fund may hold index participation units, ETFs and index certificates, mutual funds units and ADRS or GDRs.

Acceptable debt and cash investments include the following:

## EDUCATORS MONTHLY INCOME FUND

- Cash equivalent instruments issued by governments or corporations, with a term to maturity of up to 12 months;
- Bonds, debentures, mortgages, mortgage-backed securities, and asset-backed securities.

The Fund may invest in securities of another mutual fund.

The non-investment grade fixed income exposure in the Fund will generally be implemented by way of ETF purchase(s). Any ETF employed must be designed to replicate a widely accepted market benchmark index and be in compliance with NI 81-102.

### Diversification & Quality Standards

The Fund will generally only invest in debt securities rated “B” or higher. Overall, the average rating of the bonds in the portfolio will be a least “BBB”. No more than 10% of the fixed income component of the Fund’s portfolio can be invested in bonds rated B, 25% in bonds rated BB or 60% in bonds rated BBB. If the Fund invests in bank sponsored asset-backed commercial paper (ABCP), such investments will not exceed 5% of the Fund, in aggregate.

The quality of the Fund is enhanced by a formal process to incorporate Environmental, Social and Governance (ESG) and Controversy considerations into security selection.

The Fund’s current target asset mix and allowable ranges are set forth in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	6	<b>30</b>	60
Cash and equivalents	0	<b>3</b>	25
Investment Grade Bonds	6	<b>27</b>	60
Non-Investment Grade Bonds	0	<b>0</b>	10
Total Equities	40	<b>70</b>	94
Canadian Equities <sup>(1)</sup>	40	<b>70</b>	94
Foreign Equities	0	<b>0</b>	30

(1) Includes income trust units, common and preferred shares, convertible bonds and convertible debentures.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.



### Portfolio Turnover

The portfolio turnover rate of the Fund may exceed 70% each year. The higher the Fund's portfolio turnover rate, 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.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Equity Investments
- Asset-backed and Mortgage-backed Securities
- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Are looking for a steady flow of income and modest capital growth.
- Are looking to invest for the medium- to long-term.
- Prefer a low to medium level of investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*Who Should Invest in this Fund – Investment Risk Classification Methodology*".

### **Distribution Policy**

The Fund distributes income and/or return of capital monthly and capital gains annually in December. The Fund also intends to make monthly distributions. The Manager reserves the right to change the monthly per unit distribution rate or to change from a monthly per unit distribution rate to another form of monthly distributions.

These distributions are automatically reinvested in additional units of the Fund as applicable, unless you tell us in writing that you would prefer cash payments.

## EDUCATORS MONTHLY INCOME FUND

A portion of distributions made by the Fund is expected to consist of a return of capital, which is not taxable but will generally reduce the adjusted cost base of your units.

The character for Canadian tax purposes of monthly distributions made during the year will not be determined with certainty until after the end of the Fund's taxation year. The target distribution rate may be adjusted from time to time. If the target distribution rate is increased, it may result in a larger amount being distributed as a return of capital.

Returns of capital will result in a reduction of a unitholder's original investment and may result in the return to a unitholder of the entire amount of the unitholder's original investment. You should consult your tax adviser regarding the tax implications of receiving monthly income and/or return of capital.

Distributions are not guaranteed to occur on a specific date and the Fund is not responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

### **Fund Expenses Indirectly Borne by Investors**

See "*Fund Expenses Indirectly Borne by Investors*" on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$13.61	\$42.89	\$75.18	\$171.13
Class I units	Nil	Nil	Nil	Nil
Class F units	\$6.39	\$20.16	\$35.33	\$80.43

## EDUCATORS MORTGAGE & INCOME FUND

### Fund Details

Type of Fund:	Canadian Short-Term Fixed Income
Date Fund was Started:	June 24, 1984 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	HSBC Global Asset Management (Canada) Limited
Registered Plan Eligibility:	Yes

(1) The Fund was established on June 1, 1975; Class A units first offered by prospectus on June 24, 1984. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund's investment objective is to provide income by investing in high quality fixed income securities including mortgages, mortgage related securities, and corporate and government bonds. Another goal of the Fund is to achieve lower volatility of return than the overall bond universe.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

This Fund seeks to achieve adequate diversification of assets and a reasonable level of net real return while not being exposed to undue market risk. It also seeks to achieve reasonable real rates of return.

Investments, based on market value, in a single security or securities of a single issuer shall not exceed 10% of the Fund's assets unless such investment is issued or fully guaranteed by the federal or a provincial government.

#### Securities Eligible for Investment

The Fund may invest in:

- Privately administered policies or mortgages advanced by financial institutions may be acquired;
- Residential mortgage-backed securities. These securities must be approved under the National Housing Act or similar provincial statutes;

- The Fund may invest in units of other Canadian prospectus-qualified mutual funds or pooled funds, including other HSBC mutual or pooled funds, provided not more than 10% of the outstanding units of the other funds are purchased. The investment in other funds must be consistent with the investment objectives of this Fund and the investment must be permitted by securities regulatory authorities.

The investment will only be made if there is not duplication of management fees, incentive fees or sales charges between the funds. This will see to it that investors in the Fund are not paying two sets of fees.

#### Diversification & Quality Standards

The Fund's current target asset mix and allowable ranges are set forth in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash and Cash Equivalents	0	35
Fixed Income <sup>(1)</sup>	65	100
Residential Mortgages <sup>(2)</sup>	0	10

(1) Includes mortgage mutual funds holding residential mortgages.

(2) Includes mortgage-backed securities based on residential mortgages.

The Fund will only invest in money market securities rated "R-1-L" or higher at the time of purchase, and debt securities issued or guaranteed by Canadian or foreign government agencies and corporations. Such instruments should have a minimum rating of "BBB Low" by Standard & Poor's or an equivalent rating by another recognized rating agency. The aggregate exposure to corporate securities will not exceed 50% and the aggregate exposure to U.S. or other foreign bonds will not exceed 30% of the Fund.

The Fund may also invest up to 5% of its assets in portfolios of lower rated ("high yield") securities and up to 5% in emerging market bonds through the use of commingled funds, exchange-traded funds, index participation units or other index certificates denominated in Canadian dollars or foreign currencies. The aggregate exposure of these high yield bonds, emerging market bonds and individual "BBB Low" rated securities will not exceed 15%.

Foreign government securities (other than those of the United States of America), which are guaranteed as to principal and interest, are subject to the restriction that, immediately after purchase, no more than 10% of the net assets of the Fund can represent investment in the securities of any one of those foreign governments.

Up to a maximum of 5% of the market value of the Fund may be invested in a single ETF, index or certificate. These investments must be consistent with achieving the objectives of the Fund.

#### Currency Hedging

This Fund is intended to be invested primarily in Canadian dollar denominated securities. Any foreign currency exposure arising from foreign currency denominated securities will generally be left unhedged. The use of currency hedging is permitted and is currently employed by the portfolio adviser.

### Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Fixed Income Investments (Interest Rate Risk and Credit Risk)
- Asset-backed and Mortgage-Backed Securities
- Securities Lending
- Tax
- Volatile Markets and Market Disruption Risk

In addition, mortgage loan defaults may be more frequent than defaults on government bonds.

In addition, for the portion of the Fund's portfolio which is invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want a Canadian fund that focuses on investing in established interest paying mortgages, mortgage related securities and other fixed income securities.
- Want regular income.
- Want reasonable stability of capital.
- Are comfortable with low investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*Who Should Invest in this Fund – Investment Risk Classification Methodology*".

This Fund may not be appropriate for an investor seeking capital growth.

**Distribution Policy**

The Fund’s net income is distributed monthly to unitholders. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$12.97	\$40.90	\$71.69	\$163.19
Class I units	Nil	Nil	Nil	Nil
Class F units	\$4.74	\$14.93	\$26.17	\$59.58

## EDUCATORS U.S. EQUITY FUND

### Fund Details

Type of Fund:	U.S. Focused Equity
Date Fund was Started:	June 24, 1984 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class I units and Class F units
Portfolio Adviser:	Mawer Investment Management Ltd.
Registered Plan Eligibility:	Yes

(1) The Fund was established on June 1, 1975; Class A units first offered by prospectus on June 24, 1984. Class I units were first offered by an amendment dated September 15, 2017 to the simplified prospectus dated May 12, 2017. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objective*

The Fund's investment objective is to provide long-term capital growth by investing primarily in equity securities of U.S. companies.

The fundamental investment objective of the Fund may not be changed without the prior approval of the unitholders of the Fund.

#### *Investment Strategies*

The Fund will invest primarily in common shares of established U.S. corporations and other equity-related securities. Effective October 1, 2022, 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 assets (the "**Active U.S. Equities**"). With respect to the Active U.S. Equities, Mawer will, in accordance with the Fund's investment guidelines and the terms of the investment advisory agreement with Mawer, determine which securities in its discretion shall be purchased, held or sold, which may include securities of the Mawer U.S. Equity Fund (the "**Mawer Fund**"). Diversification with respect to the Active U.S. Equities will be achieved through investments in a number of separate companies and in different industry sectors, and the investment strategy will seek to add value through prudent security selection and emphasis on relative security valuations.

#### Securities Eligible for Investment

Acceptable equity investments will include the following:

- Common and preferred stocks listed on major recognized U.S. or global exchanges;
- Warrants on qualified stocks;
- Securities which are convertible into qualified stocks;

- Income trusts;
- Mutual funds and exchange traded funds, including the Mawer Fund, and
- ADRs or GDRs.

Acceptable money market investments will include the following:

- Cash equivalent instruments issued by governments or corporations, with terms to maturity of up to 12 months.

Diversification & Quality Standards

The Fund invests, directly or indirectly, primarily in equity and equity related securities of established U.S. corporations and other equity securities. The Fund may also hold convertible debentures, cash and cash equivalents. The portfolio adviser will not invest, directly or indirectly, more than 10% of the Fund in the equity securities of any one issuer.

The Fund's current target asset mix and allowable ranges are set forth in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Equities	85	<b>100</b>	100
Passive U.S. Equities	65	<b>70</b>	75
Active U.S. Equities	25	<b>30</b>	35
Cash and Cash Equivalents	0	<b>0</b>	15

Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

Securities Lending

The Fund may also enter into securities lending transactions to generate additional income.

**What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, which are detailed starting on page 38:

- Equity Investments
- Commodities
- Securities Lending
- Tax



- Underlying Fund
- Volatile Markets and Market Disruption Risk
- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

**Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want a core North American equity fund that focuses on investing in established North American corporations.
- Have longer term investment goals.
- Are comfortable with medium investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under “*Who Should Invest in this Fund – Investment Risk Classification Methodology*”.

This Fund may not be appropriate for an investor who needs regular income or stability of capital or is pursuing a short-term investment goal.

**Distribution Policy**

The Fund’s net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$20.28	\$63.93	\$112.05	\$255.06
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$8.27	\$26.06	\$45.68	\$103.97

## EDUCATORS MONITORED AGGRESSIVE PORTFOLIO

### Fund Details

Type of Fund:	Global Equity
Date Fund was Started:	January 4, 2018 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class E units, Class I units and Class F units
Portfolio Adviser:	HSBC Global Asset Management (Canada) Limited
Registered Plan Eligibility:	Yes

(1) The Fund was established on January 2, 2018; Class A and Class I units were first offered by prospectus dated January 4, 2018. Class E units were first offered by an amendment dated February 20, 2020 to the simplified prospectus dated May 17, 2019. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund focuses on providing potential for long-term 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 of the Fund.

#### *Investment Strategies*

The Fund invests primarily in the units of other mutual funds (Educators Financial Group Funds, HSBC Mutual Funds, approved exchange traded funds (“ETFs”) and approved other third-party managed funds) that invest in the securities of Canadian and foreign governments and corporations. Determining what underlying funds are appropriate and the extent of the Fund’s investment in each appropriate underlying fund is the responsibility of the portfolio adviser, which selects underlying funds based on its discretionary asset allocations within the various asset classes specified for the Fund with a goal of achieving the optimal asset mix for the Fund consistent with its risk profile. The underlying funds will not have embedded management fees in them. If ETFs are utilized, any management fees paid will be refunded to the Fund.

The Fund’s portfolio advisor uses strategic asset allocation as the principal investment strategy. The portfolio advisor may also, at its discretion, use a tactical asset allocation overlay strategy. The Fund’s portfolio advisor allocates assets among the underlying funds and may change the percentage holding of any underlying fund at any time within the allowable asset mix ranges of the Fund.

## EDUCATORS MONITORED AGGRESSIVE PORTFOLIO

### Securities Eligible for Investment

The Fund will invest primarily in other mutual funds managed by the Manager; where it does not offer an appropriate fund, the Fund will next invest in mutual funds managed by its portfolio adviser, or where neither offers an appropriate fund, in third party mutual funds and ETFs.

Acceptable cash and money market investments include the following:

- Cash deposits;
- Educators Money Market Fund;
- Cash equivalent instruments issued by Canadian governments or corporations, with terms to maturity of 0 to 12 months.

### Diversification & Quality Standards

The Fund's strategic target asset mix and allowable ranges are set out in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	0	<b>10</b>	30
Cash & Money Market	0	<b>0</b>	10
Mortgages	0	<b>0</b>	5
Bonds <sup>(1)</sup>	0	<b>10</b>	20
Total Equities	70	<b>90</b>	100
Canadian Equities <sup>(2)</sup>	17.5	<b>27.5</b>	37.5
Foreign Equities <sup>(3)</sup>	52.5	<b>62.5</b>	72.5
U.S. Equities <sup>(4)</sup>	10	<b>34</b>	60
Non-North American Equities <sup>(5)</sup>	5	<b>28.5</b>	63

(1) May include allocations to HSBC Global Inflation Linked Bond Pooled Fund to a maximum allocation of 5% and to HSBC Global High Yield Bond Pooled Fund and HSBC Emerging Markets Debt Pooled Fund to maximum allocations of 10%.

(2) May include an allocation to HSBC Small Cap Growth Fund to a maximum allocation of 6%.

(3) May include HSBC Global Real Estate Equity Pooled Fund to a maximum allocation of 5%.

(4) May include an allocation to the HSBC U.S. Equity Index Fund.

(5) May include an allocation to HSBC Emerging Markets Pooled Fund and HSBC Emerging Markets Equity Index Fund to a combined maximum allocation of 13%.

During periods of high market volatility, when likelihood of capital loss is high, the investment advisor may, with prior approval from Educators Financial Group, exceed the maximum Cash & Money Market investments. Such a position is expected to be temporary.

No more than 90% of the Fund's portfolio will be invested in funds with a stated objective of investing in foreign fixed income and equity securities in the aggregate.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, either in respect of the Fund itself or in respect of the underlying funds in which it invests in, which risks are detailed starting on page 38:

- Equity Investments
- Commodities
- Tax
- Multiple Class
- Asset Allocation
- Underlying Fund
- Volatile Markets and Market Disruption Risk

In addition, for the portion of the Fund's portfolio which is indirectly invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want to maximize the long-term potential growth of their capital.
- Have a long-term investment time horizon.
- Prefer a medium tolerance for investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*What are the Risks of Investing in the Fund? – Investment Risk Classification Methodology*".

**Distribution Policy**

The Fund’s net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$20.70	\$65.27	\$114.41	\$260.42
Class E units	\$16.56	\$52.21	\$91.51	\$208.30
Class I units	\$0.00	\$0.00	\$0.00	\$0.00
Class F units	\$9.41	\$29.67	\$52.01	\$118.40

## EDUCATORS MONITORED BALANCED PORTFOLIO

### Fund Details

Type of Fund:	Global Neutral Balanced
Date Fund was Started:	January 4, 2018 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class E units, Class I units and Class F units
Portfolio Adviser:	HSBC Global Asset Management (Canada) Limited
Registered Plan Eligibility:	Yes

(1) The Fund was established on January 2, 2018; Class A and Class I units were first offered by prospectus dated January 4, 2018. Class E units were first offered by an amendment dated February 20, 2020 to the simplified prospectus dated May 17, 2019. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund focuses on providing a balance of income and potential for long-term capital growth. It does this by maintaining a balance of investments across several asset classes. The Portfolio 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 of the Fund.

#### *Investment Strategies*

The Fund invests primarily in the units of other mutual funds (Educators Financial Group Funds, HSBC Mutual Funds, approved exchange traded funds (“ETFs”) and approved other third-party managed funds) that invest in the securities of Canadian and foreign governments and corporations. Determining what underlying funds are appropriate and the extent of the Fund’s investment in each appropriate underlying fund is the responsibility of the portfolio adviser, which selects underlying funds based on its discretionary asset allocations within the various asset classes specified for the Fund with a goal of achieving the optimal asset mix for the Fund consistent with its risk profile. The underlying funds will not have embedded management fees in them. If ETFs are utilized, any management fees paid will be refunded to the Fund.

The Fund’s portfolio advisor uses strategic asset allocation as the principal investment strategy. The portfolio advisor may also, at its discretion, use a tactical asset allocation overlay strategy. The Fund’s portfolio advisor allocates assets among the underlying funds and may change the percentage holding of any underlying fund at any time within the allowable asset mix ranges of the Fund.

## EDUCATORS MONITORED BALANCED PORTFOLIO

### Securities Eligible for Investments

The Fund will invest primarily in other mutual funds managed by the Manager; where it does not offer an appropriate fund, the Fund will next invest in mutual funds managed by its portfolio adviser, or where neither offers an appropriate fund, in third party mutual funds and ETFs.

Acceptable cash and money market investments include the following:

- Cash deposits;
- Educators Money Market Fund;
- Cash equivalent instruments issued by Canadian governments or corporations, with terms to maturity of 0 to 12 months.

### Diversification & Quality Standards

The Fund's strategic target asset mix and allowable ranges are set out in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	33	48	63
Cash & Money Market	0	5	10
Mortgages	0	6	25
Bonds <sup>(1)</sup>	5	37	63
Total Equities	32	52	72
Canadian Equities <sup>(2)</sup>	14.5	24.5	34.5
Foreign Equities <sup>(3)</sup>	17.5	27.5	37.5
U.S. Equities <sup>(4)</sup>	0	15	30
Non-North American Equities <sup>(5)</sup>	0	12.5	36

(1) May include allocations to HSBC Global Inflation Linked Bond Pooled Fund to a maximum allocation of 5% and to HSBC Global High Yield Bond Pooled Fund and HSBC Emerging Markets Debt Pooled Fund to maximum allocations of 10%.

(2) May include an allocation to HSBC Small Cap Growth Fund to a maximum allocation of 5%.

(3) May include HSBC Global Real Estate Equity Pooled Fund to a maximum allocation of 5%.

(4) May include an allocation to the HSBC U.S. Equity Index Fund.

(5) May include an allocation to HSBC Emerging Markets Pooled Fund and HSBC Emerging Markets Equity Index Fund to a combined maximum allocation of 6%.

During periods of high market volatility, when likelihood of capital loss is high, the investment advisor may, with prior approval from Educators Financial Group, exceed the maximum Cash & Money Market investments. Such a position is expected to be temporary.

No more than 60% of the Fund's portfolio will be invested in funds with a stated investment objective of investing in foreign fixed income and equity securities in the aggregate.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, either in respect of the Fund itself or in respect of the underlying funds in which it invests in, which risks are detailed starting on page 38:

- Equity Investments
- Commodities
- Tax
- Volatile Markets and Market Disruption Risk
- Multiple Class
- Asset Allocation
- Underlying Fund

In addition, for the portion of the Fund's portfolio which is indirectly invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want to earn a balance of interest income and long-term growth of their capital.
- Have a medium-term investment time horizon.
- Prefer a low to medium tolerance for investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*What are the Risks of Investing in the Fund? – Investment Risk Classification Methodology*".

This Fund may not be appropriate for an investor who needs regular income or stability of capital or is pursuing a short-term investment goal.

### **Distribution Policy**

The Fund's net income is distributed semi-annually to unitholders in June and December, Net realized capital gains are generally distributed to unitholders in December. Distributions are



EDUCATORS MONITORED BALANCED PORTFOLIO

automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$19.53	\$61.58	\$107.93	\$245.68
Class E units	\$15.61	\$49.21	\$86.25	\$196.33
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$7.64	\$24.09	\$42.22	\$96.11

## EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

### Fund Details

Type of Fund:	Canadian Fixed Income Balanced
Date Fund was Started:	January 4, 2018 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class E units, Class I units and Class F units
Portfolio Adviser:	HSBC Global Asset Management (Canada) Limited
Registered Plan Eligibility:	Yes

(1) The Fund was established on January 2, 2018; Class A and Class I units were first offered by prospectus dated January 4, 2018. Class E units were first offered by an amendment dated February 20, 2020 to the simplified prospectus dated May 17, 2019. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund focuses on providing 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 of the Fund.

#### *Investment Strategies*

The Fund invests primarily in the units of other mutual funds (Educators Financial Group Funds, HSBC Mutual Funds, approved exchange traded funds (“ETFs”) and approved other third-party managed funds) that invest in the securities of domestic and foreign governments and corporations. Determining what underlying funds are appropriate and the extent of the Fund’s investment in each appropriate underlying fund is the responsibility of the portfolio adviser, which selects underlying funds based on its discretionary asset allocations within the various asset classes specified for the Fund with a goal of achieving the optimal asset mix for the Fund consistent with its risk profile. The underlying funds will not have embedded management fees in them. If ETFs are utilized, any management fees paid will be refunded to the Fund.

The Fund’s portfolio advisor uses strategic asset allocation as the principal investment strategy. The portfolio advisor may also, at its discretion, use a tactical asset allocation overlay strategy. The Fund’s portfolio advisor allocates assets among the underlying funds and may change the percentage holding of any underlying fund at any time within the allowable asset mix ranges of the Fund.

## EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

### Securities Eligible for Investment

The Fund will invest primarily in other mutual funds managed by the Manager; where it does not offer an appropriate fund, the Fund will next invest in mutual funds managed by its portfolio adviser, or where neither offers an appropriate fund, in third party mutual funds and ETFs.

Acceptable cash and money market investments include the following:

- Cash deposits;
- Educators Money Market Fund;
- Cash equivalent instruments issued by Canadian governments or corporations, with terms to maturity of 0 to 12 months.

### Diversification & Quality Standards

The Fund's strategic target asset mix and allowable ranges are set out in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	57	<b>72</b>	87
Cash & Money Market	0	<b>5</b>	10
Mortgages	0	<b>15.5</b>	35
Bonds <sup>(1)</sup>	20	<b>51.5</b>	85
Total Equities	8	<b>28</b>	48
Canadian Equities	6	<b>16</b>	26
Foreign Equities <sup>(2)</sup>	2	<b>12</b>	22
U.S. Equities	0	<b>6.5</b>	20
Non-North American Equities <sup>(3)</sup>	0	<b>5.5</b>	22

(1) May include allocations to HSBC Global Inflation Linked Bond Pooled Fund to a maximum allocation of 5% and to HSBC Global High Yield Bond Pooled Fund and HSBC Emerging Markets Debt Pooled Fund to maximum allocations of 10%.

(2) May include an allocation to the HSBC U.S. Equity Index Fund

(3) May include an allocation to HSBC Emerging Markets Pooled Fund and HSBC Emerging Markets Equity Index Fund to a combined maximum allocation of 3%.

During periods of high market volatility, when likelihood of capital loss is high, the investment advisor may, with prior approval from Educators Financial Group, exceed the maximum Cash & Money Market investments. Such a position is expected to be temporary.

No more than 40% of the Fund's portfolio will be inverted in funds with a stated investment objective of investing in foreign fixed income and equity securities in the aggregate.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, either in respect of the Fund itself or in respect of the underlying funds in which it invests in, which risks are detailed starting on page 38:

- Equity Investments
- Commodities
- Tax
- Volatile Markets and Market Disruption Risk
- Multiple Class
- Asset Allocation
- Underlying Fund

In addition, for the portion of the Fund's portfolio which is indirectly invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want interest income and some potential for low to moderate long-term growth of their capital.
- Have a medium-term investment time horizon.
- Prefer a low tolerance for investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*What are the Risks of Investing in the Fund? – Investment Risk Classification Methodology*".

This Fund may not be appropriate for an investor seeking capital growth.

### **Distribution Policy**

The Fund's net income is distributed quarterly to unitholders. Net realized capital gains are generally distributed to unitholders in December. Distributions are automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

EDUCATORS MONITORED CONSERVATIVE PORTFOLIO

**Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$17.09	\$53.88	\$94.43	\$214.96
Class E units	\$13.71	\$43.22	\$75.76	\$172.46
Class I units	\$0.00	\$0.00	\$0.00	\$0.00
Class F units	\$6.50	\$20.49	\$35.91	\$81.74

## EDUCATORS MONITORED GROWTH PORTFOLIO

### Fund Details

Type of Fund:	Global Equity Balanced
Date Fund was Started:	January 4, 2018 <sup>(1)</sup>
Nature of Securities Offered:	Class A units, Class E units, Class I units and Class F units
Portfolio Adviser:	HSBC Global Asset Management (Canada) Limited
Registered Plan Eligibility:	Yes

(1) The Fund was established on January 2, 2018; Class A and Class I units were first offered by prospectus dated January 4, 2018. Class E units were first offered by an amendment dated February 20, 2020 to the simplified prospectus dated May 17, 2019. Class F units were first offered by the simplified prospectus dated May 14, 2021.

### What Does the Fund Invest In?

#### *Investment Objectives*

The Fund focuses on providing potential for long-term capital growth with low to moderate income. It does this by maintaining a balance of investments across several asset classes. The Fund invests primarily in mutual funds units 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 of the Fund.

#### *Investment Strategies*

The Fund invests primarily in the units of other mutual funds (Educators Financial Group Funds, HSBC Mutual Funds, approved exchange traded funds (“ETFs”) and approved other third-party managed funds) that invest in the securities of Canadian domestic and foreign governments and corporations. Determining what underlying funds are appropriate and the extent of the Fund’s investment in each appropriate underlying fund is the responsibility of the portfolio adviser, which selects underlying funds based on its discretionary asset allocations within the various asset classes specified for the Fund with a goal of achieving the optimal asset mix for the Fund consistent with its risk profile. The underlying funds will not have embedded management fees in them. If ETFs are utilized, any management fees paid will be refunded to the Fund.

The Fund’s portfolio advisor uses strategic asset allocation as the principal investment strategy. The portfolio advisor may also, at its discretion, use a tactical asset allocation overlay strategy. The Fund’s portfolio advisor allocates assets among the underlying funds and may change the percentage holding of any underlying fund at any time within the allowable asset mix ranges of the Fund.

## EDUCATORS MONITORED GROWTH PORTFOLIO

### Securities Eligible for Investment

The Fund will invest primarily in other mutual funds managed by the Manager; where it does not offer an appropriate fund, the Fund will next invest in mutual funds managed by its portfolio adviser, or where neither offers an appropriate fund, in third party mutual funds and ETFs.

Acceptable cash and money market investments include the following:

- Cash deposits;
- Educators Money Market Fund;
- Cash equivalent instruments issued by Canadian governments or corporations, with terms to maturity of 0 to 12 months.

### Diversification & Quality Standards

The Fund's strategic target asset mix and allowable ranges are set out in the table below:

<u>Asset Class</u>	<u>Minimum (%)</u>	<u>Target (%)</u>	<u>Maximum (%)</u>
Total Fixed Income	15	<b>25</b>	45
Cash & Money Market	0	<b>0</b>	10
Mortgages	0	<b>2.5</b>	20
Bonds <sup>(1)</sup>	0	<b>22.5</b>	45
Total Equities	55	<b>75</b>	95
Canadian Equities <sup>(2)</sup>	20	<b>30</b>	40
Foreign Equities <sup>(3)</sup>	35	<b>45</b>	55
U.S. Equities <sup>(4)</sup>	5	<b>25</b>	45
Non-North American Equities <sup>(5)</sup>	0	<b>20</b>	50

(1) May include allocations to HSBC Global Inflation Linked Bond Pooled Fund to a maximum allocation of 5% and to HSBC Global High Yield Bond Pooled Fund and HSBC Emerging Markets Debt Pooled Fund to maximum allocations of 10%.

(2) May include an allocation to HSBC Small Cap Growth Fund to a maximum allocation of 5%.

(3) May include HSBC Global Real Estate Equity Pooled Fund to a maximum allocation of 5%.

(4) May include an allocation to the HSBC U.S. Equity Index Fund.

(5) May include an allocation to HSBC Emerging Markets Pooled Fund and HSBC Emerging Markets Equity Index Fund to a combined maximum allocation of 10%.

During periods of high market volatility, when likelihood of capital loss is high, the investment advisor may, with prior approval from Educators Financial Group, exceed the maximum Cash & Money Market investments. Such a position is expected to be temporary.

No more than 70% of the Fund's portfolio will be invested in funds with a stated investment objective of investing in foreign fixed income and equity securities in the aggregate.

### Currency Hedging

The use of currency hedging is permitted but is not currently employed by the portfolio adviser. Pre-approval from Educators Financial Group would be required for the portfolio adviser to introduce currency hedging for the Fund.

### **What are the Risks of Investing in the Fund?**

Investing in this Fund may involve the following risks, either in respect of the Fund itself or in respect of the underlying funds in which it invests in, which risks are detailed starting on page 38:

- Equity Investments
- Commodities
- Tax
- Volatile Markets and Market Disruption Risk
- Multiple Class
- Asset Allocation
- Underlying Fund

In addition, for the portion of the Fund's portfolio which is indirectly invested in foreign securities, investing in the Fund will also involve the risks associated with the following (detailed on page 40):

- Foreign Investments (Exchange Rate Risk and Foreign Portfolio Investments Risk)
- Risks in Relation to Derivatives

### **Who Should Invest in this Fund?**

The Fund is suitable for investors who:

- Want long-term growth of their capital and low to moderate interest income.
- Have a long-term investment time horizon.
- Prefer a low to medium tolerance for investment risk.

You will find an explanation of the risk classification we use in the Introduction to Part B of this Simplified Prospectus under "*What are the Risks of Investing in the Fund? – Investment Risk Classification Methodology*".

This Fund may not be appropriate for an investor who needs regular income or stability of principal or is pursuing a short-term investment goal.

### **Distribution Policy**

The Fund's net income is distributed semi-annually to unitholders in June and December. Net realized capital gains are generally distributed to unitholders in December. Distributions are



## EDUCATORS MONITORED GROWTH PORTFOLIO

automatically reinvested in additional units of the Fund, unless you request that the Fund pay the distributions to you in cash.

### **Fund Expenses Indirectly Borne by Investors**

See “*Fund Expenses Indirectly Borne by Investors*” on page 48 for the assumptions we are required to use in this table. The assumptions do not reflect the actual performance of the Fund.

Expenses payable over:	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Class A units	\$20.70	\$65.27	\$114.41	\$260.42
Class E units	\$16.56	\$52.21	\$91.51	\$208.30
Class I units	\$0.10	\$0.32	\$0.57	\$1.29
Class F units	\$8.79	\$27.70	\$48.55	\$110.52

## INVESTMENT RESTRICTIONS

Educators Financial Group manages each of the Funds in accordance with the standard restrictions and practices imposed by Canadian securities legislation, including National Instrument 81-102 *Investment Funds* of the Canadian securities administrators (“NI 81-102”). These standard restrictions and practices, which are incorporated into this asimplified prospectus by reference, have been designed in part to ensure that the Funds’ investments are diversified and relatively liquid, and to ensure the proper administration of the Funds.

Each of the Funds is also prohibited from making or retaining any investment which would result in the units of the Fund not being qualified investments for a trust governed by a registered retirement savings plan (includes locked-in plans), registered retirement income fund (includes locked-in and self-directed plans), registered education savings plan, first home saving account, or a tax-free savings account under the *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”) or which would render a Fund subject to tax under Part X.2 of the Tax Act. During the financial year of the Funds ended December 31, 2022, each of the Funds observed the investment restrictions set forth in this paragraph.

Any change to the fundamental investment objectives of a Fund requires unitholder approval given at a meeting of the unitholders of the Fund called to consider such change.

## DESCRIPTION OF UNITS

The Bond Fund, Dividend Fund, Growth Fund, Money Market Fund, Monthly Income Fund, Mortgage & Income Fund and U.S. Equity Fund currently offer three classes of units: Class A units, Class I units and Class F units. The Balanced Fund and the Portfolio Funds currently offer four classes of units: Class A units, Class I units, Class E units and Class F units. Units are purchased and redeemed through Educators Financial Group and are offered to qualified investors only in the provinces of Ontario and British Columbia.

Class A units are the regular retail class of units available to all eligible purchasers. Class I units are identical in all respects to the Class A units, except that there is no management fee payable by the Funds in respect of the Class I units, although the Class I units are responsible for paying all expenses of their operation. Class E units are identical in all respects to the Class A units, except with respect to the management fee payable by the applicable Fund to the Manager. Class F units are available to investors who have a fee-based account with us and are identical in all respects to the Class A units, except with respect to the management fee payable by the applicable Fund to the Manager.

Class A units of a Fund may be purchased by (i) an individual who is either a teaching or non-teaching educational worker in the province of Ontario or British Columbia in Canada, which includes staff of a board of education, a university, a college, a private educational facility, an education consortium or affiliate (including the O.S.S.T.F. and other education unions), or their family members; or (ii) a registered plan of which the holder, annuitant or “subscriber” (as defined in subsection 146.1(1) of the Tax Act) thereof is an individual described by (i).

Class I units of a Fund, other than a Portfolio Fund, have been created primarily for purchase by a Portfolio Fund. Class I units of a Portfolio Fund may be purchased by such institutional investors as the Manager may determine from time to time in its discretion. As the Manager does not intend to charge a management fee to investors in Class I units, such institutional investors must be persons or companies whose relationship to Class A unit investors or to the Manager is such that

it is appropriate for them to be permitted to invest in a Fund on a non-management fee basis. Such investors could include pension funds serving the education community or associated with the Manager. Individual investors may not purchase Class I units of a Fund.

Class E units of a Fund may be purchased by any RESP of which (i) the Manager is the “promoter” (as described in paragraph (b) of the definition of “educations savings plan” in subsection 146.1(1) of the Tax Act and (ii) the “subscriber” (as defined in subsection 146.1(1) of the Tax Act is a “Class E Units Eligible Subscriber”. A Class E Units Eligible Subscriber means an individual who is either a teaching or non-teaching educational worker in a province in Canada, which includes staff of a board of education, a university, a college, a private educational facility, an education consortium or affiliate (including the O.S.S.T.F. and other education unions), or their family members.

Class F units of a Fund may be purchased by purchasers who are eligible to purchase Class A units, and who have one or more fee-based accounts with Educators Financial Group. The Manager has designed Class F units to offer eligible purchasers an alternative means of paying for investment advice and other services. Instead of paying sales charges, eligible purchasers purchasing Class F units pay fees directly to Educators Financial Group for certain investment and account services. The Manager does not pay any commissions to dealers in respect of Class F units, which allows it to charge a lower management fee.

All units of a class of a Fund have equal rights and privileges. Each unit of a class entitles the holder to an equal allocation of income and capital gains, to an equal distribution of the net asset value per unit upon a redemption of the unit and, upon termination of a Fund, to an equal allocation of the net assets distributable to all unitholders after paying or providing for all obligations and liabilities of the Fund, in each case attributable to that class. Each unit also entitles the holder to one vote at any meeting of unitholders of the Fund.

A meeting of the unitholders of a Fund must be convened to consider and approve any matter as required by Canadian securities laws. These matters are set out in NI 81-102 and currently include:

- (a) the basis of the calculation of the fees or other expenses that are charged to the Fund or directly to unitholders by the Fund or the Manager in connection with the holding of units of the Fund is changed in a way that could result in an increase in charges to the Fund or unitholders (other than an increase in the management fees or expenses for which unitholders received at least 60 days prior notice);
- (b) a fee or expense to be charged to the Fund or its unitholders by the Fund or the Manager in connection with the holding of units of the Fund, that could result in an increase in charges to the Fund or its unitholders, is introduced (other than a fee or expense for which unitholders received at least 60 days prior notice);
- (c) a change of the manager of the Fund (other than to an affiliate of the current Manager);
- (d) any change in the fundamental investment objectives of the Fund;
- (e) any decrease in the frequency of calculating the net asset value of the Fund;
- (f) certain mergers or reorganization involving the Fund, as specified in NI 81-102; and

- (g) any restructuring of the Fund into a non-redeemable investment fund or into an issuer that is not an investment fund. A Fund may not bear any of the costs of a meeting held to approve a restructuring referred to in paragraph (g) above.

### **NAME, FORMATION AND HISTORY OF THE FUNDS**

The Educators Financial Group Inc. no-load mutual funds consist of the Educators Balanced Fund (the “Balanced Fund”), the Educators Bond Fund (the “Bond Fund”), the Educators Dividend Fund (the “Dividend Fund”), the Educators Growth Fund (the “Growth Fund”), the Educators Money Market Fund (the “Money Market Fund”), the Educators Monthly Income Fund (the “Monthly Income Fund”), the Educators Mortgage & Income Fund (the “Mortgage & Income Fund”) the Educators U.S. Equity Fund (the “U.S. Equity Fund”), the Educators Monitored Aggressive Portfolio (the “Aggressive Portfolio”), the Educators Monitored Balanced Portfolio (“Balanced Portfolio”), the Educators Monitored Conservative Portfolio (“Conservative Portfolio”) and the Educators Monitored Growth Portfolio (“Growth Portfolio”) (collectively, the “Funds” and individually, a “Fund”).

The Funds are governed by a combined amended and restated declaration of trust made by Educators Financial Group as manager and trustee dated as of January 2, 2018 (the “Declaration of Trust”) and as amended on February 20, 2020 and May 14, 2021 to, among other things, reflect the addition of Class E units for the Balanced Fund and the Portfolio Funds (as defined herein) and Class F units for each of the Funds, respectively. The Declaration of Trust amended and restated the prior combined amended and restated declaration of trust dated October 6, 2008 primarily so as to incorporate amendments dated March 14, 2011 reflecting the creation of the Bond Fund and the Monthly Income Fund, dated September 15, 2017 reflecting the change to the investment objectives and change of name of the U.S. Equity Fund and the addition of Class I units for this Fund, and dated September 15, 2017 reflecting the addition of Class I units for the other Funds other than the Portfolio Funds, as well as creating the Portfolio Funds.

Each of the Money Market Fund, Mortgage & Income Fund, U.S. Equity Fund, Growth Fund and Balanced Fund is an unincorporated open-end investment trust created under the laws of Ontario on January 2, 1984. These Funds resulted from a reorganization of the Ontario Teacher’s Group Retirement Savings Plan which was established in 1975 pursuant to an agreement between O.S.S.T.F. and Montreal Trust Company of Canada and amended by agreement dated January 4, 1982.

The Dividend Fund is an unincorporated open-end investment trust created under the laws of Ontario on January 4, 2000. The Bond Fund and the Monthly Income Fund are each an unincorporated open-end investment trust created under the laws of Ontario on March 14, 2011. The Aggressive Portfolio, Balanced Portfolio, Conservative Portfolio and Growth Portfolio (collectively, the “Portfolio Funds” and individually, a “Portfolio Fund”) are each an unincorporated open-end investment trust created under the laws of Ontario on January 2, 2018.

On June 30, 2011, the Educators Global Fund was merged into the Balanced Fund.

The U.S. Equity Fund was originally known as the “Educators Diversified Fund”. The name was changed to the “Educators North American Diversified Fund” on January 15, 2013 and to the “Educators U.S. Equity Fund” on September 15, 2017 in conjunction with the change of investment objectives of this Fund from a fund investing in North American equity securities to one investing in U.S. equity securities, which also resulted in Beutel, Goodman & Company Ltd. becoming the Fund’s portfolio adviser.

Educators Financial Group is a wholly owned subsidiary of the O.S.S.T.F. The address of Educators Financial Group and of the principal office of each Fund is located at 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario M2J 5C2.



**EDUCATORS BALANCED FUND  
EDUCATORS BOND FUND  
EDUCATORS DIVIDEND FUND  
EDUCATORS GROWTH FUND  
EDUCATORS MONEY MARKET FUND  
EDUCATORS MONTHLY INCOME FUND  
EDUCATORS MORTGAGE & INCOME FUND  
EDUCATORS U.S. EQUITY FUND**

**EDUCATORS MONITORED AGGRESSIVE PORTFOLIO  
EDUCATORS MONITORED BALANCED PORTFOLIO  
EDUCATORS MONITORED CONSERVATIVE PORTFOLIO  
EDUCATORS MONITORED GROWTH PORTFOLIO**

You will find more information about a Fund in its fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means they legally form part of this simplified prospectus just as if they were printed as part of this simplified prospectus.

You can get a copy of these documents, at your request, and at no cost, by calling toll-free 1-800-263-9541.

You can also get copies of this simplified prospectus, the fund facts, the management reports of fund performance and the financial statements from our website at [www.educatorsfinancialgroup.ca](http://www.educatorsfinancialgroup.ca).

These documents and other information about a Fund, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

Educators Financial Group  
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