

**SOCIAL HOUSING INVESTMENT FUNDS**

**ANNUAL INFORMATION FORM**

**Respecting Series A Units of**

**Social Housing Canadian Short-Term Bond Fund**

**Social Housing Canadian Bond Fund**

**Social Housing Canadian Equity Fund**

**June 28, 2018**

*No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.*

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## NAME, FORMATION AND HISTORY OF THE FUNDS

Each of the following Social Housing Investment Funds (individually a “Fund” and collectively the “Funds”) is a trust created under the laws of the Province of Ontario by an amended and restated master trust agreement (the “Master Trust Agreement”). The name and date of formation of each Fund is set forth below.

Social Housing Canadian Short-Term Bond Fund	December 16, 2002
Social Housing Canadian Bond Fund	December 16, 2002
Social Housing Canadian Equity Fund	December 16, 2002

On November 30, 2009, Social Housing Canadian Money Market Fund merged into Social Housing Canadian Short-Term Bond Fund.

On April 1, 2010, the Master Trust Agreement was amended and restated to reflect the appointment of RBC Investor Services Trust (“RBC IS”) as trustee.

On November 1, 2010, Phillips, Hager & North Investment Management Ltd. (“PH&N”), portfolio manager to the Funds, amalgamated with its affiliate, RBC Asset Management Inc. The corporate name of the amalgamated entity is RBC Global Asset Management Inc. (“RBC GAM” or the “Portfolio Manager”)

Encasa Financial Inc. (the “Manager”) is the manager of each of the Funds.

The registered office of the Funds and of the Manager is located at 119 Spadina Avenue, Suite 400, Toronto, Ontario, M5V 2L1. The Manager can be contacted by phone at 1-888-791-6671 and by email at [information@encasa.ca](mailto:information@encasa.ca). The Manager’s website is [www.encasa.ca](http://www.encasa.ca).

## INVESTMENT RESTRICTIONS

The Funds are subject to the standard investment restrictions and practices prescribed by Canadian securities regulatory authorities, including National Instrument 81-102 *Investment Funds* (“National Instrument 81-102”). These restrictions are designed in part to ensure that the investments of the Funds are diversified and relatively liquid, and to ensure the proper administration of the Funds. Subject to the exceptions noted below, the Funds are managed in accordance with these restrictions and practices.

Subject to certain conditions and limitations set out in National Instrument 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* (“National Instrument 81-107”), including receiving instructions from the Funds’ independent review committee (“IRC”), the Funds may:

- (a) invest in certain securities of Royal Bank of Canada (“Royal Bank”);
- (b) make an investment in the securities of an issuer for which the Portfolio Manager has acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public (“Related Underwriter Trades”);
- (c) purchase securities from or to Royal Bank or an associate or affiliate of Royal Bank, where it is acting as principal (“Principal Trading Activities”); and
- (d) purchase or sell portfolio securities of a Fund from or to the portfolio of another fund to which National Instrument 81-102 applies (“Inter-Fund Trades”).

((a) through (d) collectively referred to as “Related-Party Trading Activities”.)

In addition, the Funds have received relief from Canadian securities regulators to engage in the following types of Related-Party Trading Activities that are restricted or not otherwise permitted under securities legislation, National Instrument 81-102 or National Instrument 81-107, subject to certain terms and conditions:

- (a) investing in securities of an issuer in cases where a partner, director, officer or employee of the Portfolio Manager or an affiliate or associate of the Portfolio Manager is a partner, officer or employee of the issuer;
- (b) investing in non-exchange traded securities issued by certain related parties including fixed income securities issued by Royal Bank in the primary and secondary market;
- (c) Related Underwriter Trades that involve a security offered pursuant to a private placement; and
- (d) purchasing and selling certain debt securities from and to accounts of related parties that are principal dealers in debt securities.

((a) through (d) collectively referred to as “Additional Related-Party Trading Activities”).

The IRC of the Funds has, as permitted by Canadian securities laws, approved standing instructions in respect of the Related-Party Trading Activities and the Additional Related-Party Trading Activities. In accordance with the conditions of the applicable standing instructions of the IRC, the IRC reviews such activities at least quarterly.

The Funds may apply to Canadian securities regulators for relief from the requirement that, with respect to Inter-Fund Trades, the securities be crossed at the “current market price” of the security so that the Funds may cross securities at the last sale price immediately before the trade is executed.

For all Funds, the auditors of the Funds may not be changed unless the IRC has approved the change and a written notice describing the change of auditors is sent to unitholders at least 60 days before the effective date of the change.

Additional information about the members of the IRC is disclosed under the heading *Fund Governance - Independent Review Committee* on page 13.

The Funds may, after notice, enter into securities lending transactions, repurchase transactions and reverse repurchase transactions. A Fund will provide unitholders with 60 days’ written notice prior to entering into securities lending, repurchase transactions or reverse repurchase transactions.

Any change in the fundamental investment objectives of a Fund requires unitholder approval.

## **DESCRIPTION OF UNITS OFFERED BY THE FUNDS**

Each Fund is authorized to issue an unlimited number of units in an unlimited number of series. Series A Units of each Fund have been created and those units are offered by the Simplified Prospectus. Series A Units are referred to in this Annual Information Form as “Units”. Series B Units of the Funds are offered under a separate simplified prospectus and annual information form.

Unitholders have no voting rights except as permitted by the Master Trust Agreement or as required by Canadian securities regulatory authorities. If a vote is required, unitholders are entitled to one vote per Unit held.

A series of units of a Fund will generally be entitled to the portion of a distribution equal to that series’ proportionate share of net income and net realized capital gains of the Fund less expenses of the Fund attributable to that series. However, if expenses attributable to a particular series on a record date exceed that series’ proportionate share of distributions by the Fund, the amount of the excess will be applied by the Fund to reduce the amount of distributions otherwise payable to the other series in such reasonable manner as the Manager may determine in its sole discretion.

Each series of units of a Fund ranks equally with other series in the payment of distributions (other than management fee distributions and expense distributions) and the return of capital in the event of dissolution of the Fund, based on the relative net asset value of each series. Each holder of a Unit is entitled to vote at all meetings of the Fund, except meetings at which a separate series vote is required because a particular series is affected in a manner that is different from other series.

Units may not be transferred except with the prior consent of the Manager, but are redeemable. Fractional Units may be issued and carry the rights and privileges, and are subject to the restrictions and conditions applicable to whole Units on a proportionate basis. However, a fractional Unit does not confer the right to vote.

Each Fund maintains a book-based system of Unit registration. Accordingly, Unit certificates are not issued.

The Master Trust Agreement does not require unitholder approval or notice to unitholders with respect to amendments to the trust agreement unless such approval is required by applicable Canadian regulatory authorities.

The Funds do not hold regular meetings. However, unitholders of a Fund are permitted to vote on matters as required by applicable Canadian securities regulatory authorities, which currently are the following matters:

- (a) the introduction of, or a change in the basis of calculation of, a fee or expense that is charged to the Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to the Fund or to its unitholders unless, in either case, unitholders are provided with written notice of an increase in charges to the Fund at least 60 days before the increase becomes effective;
- (b) a change of the Manager (unless the new manager is an affiliate of the Manager);
- (c) a change of the fundamental investment objective of the Fund;
- (d) a decrease in the frequency of calculating the net asset value of the Fund;
- (e) where the Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, and the Fund ceases to continue after the reorganization or transfer of assets, and the transaction results in the unitholders of the Fund becoming unitholders in the other mutual fund;
- (f) where the Fund undertakes a reorganization with, or acquires assets from, another mutual fund, and the Fund continues after the reorganization or acquisition of assets, and the transaction results in the unitholders of the other mutual fund becoming unitholders of the Fund, and the transaction would be a significant change to the Fund; and
- (g) any matter required by the Master Trust Agreement of the Fund.

Under National Instrument 81-107, the Funds will have the ability to undertake the reorganization of a Fund with, or transfer its assets to, another fund managed by the Manager or its affiliate, provided that the IRC has approved the transaction, unitholders are sent a written notice at least 60 days prior to the change and certain other conditions are met.

## **VALUATION OF PORTFOLIO SECURITIES**

The value of any asset held by a Fund or any of its liabilities will be determined in the following way:

- (a) the value of any cash on hand, on deposit or on call, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received if declared on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be the full amount, unless the Portfolio Manager or its agent determines that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the

full amount, in which event the value shall be deemed to be the value that the Portfolio Manager or its agent determines to be a reasonable approximation of fair value;

- (b) the value of any bonds, mortgage-backed securities and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities;
- (c) short-term investments, including notes and money market instruments shall be valued at cost plus any interest accrued, unless the Portfolio Manager or its agent determines that any such short-term investment is not worth the full amount, in which event the value shall be deemed to be the value that the Portfolio Manager or its agent determines to be a reasonable approximation of fair market value;
- (d) for securities listed on the Toronto Stock Exchange, closing prices for the securities on the Toronto Stock Exchange are used. If a security trades on more than one stock exchange, the closing price of the security on the principal stock exchange is used. If the closing price of a security on a stock exchange outside Canada is used, the price is converted to Canadian dollars before calculating the value of the security. If a security does not trade on a valuation day, the Portfolio Manager or its agent determines its value by calculating the average of the closing bid and ask prices. If there are no closing bid or ask prices for a security, the Portfolio Manager or its agent looks at the most recent closing price or, if needed, the average of the most recent closing bid and ask prices;
- (e) for derivatives, like options, options on futures contracts and over-the-counter options, the Portfolio Manager or its agent uses the current value of the derivative in determining the value of those assets;
- (f) when a Fund writes a clearing corporation option, an option on a futures contract, or an over-the-counter option, the premium that the Fund receives will be reflected as a deferred credit. This deferred credit will be valued at an amount equal to the current market value of a clearing corporation option, option on the futures contract, or over-the-counter option that has the effect of closing the position. If there is any difference as a result of revaluation, it will be treated as an unrealized gain or loss on investment. The net asset value of the Fund will be calculated by deducting the deferred credit. The Portfolio Manager or its agent will value any equity securities that are the subject of a written clearing corporation option or over-the-counter option in the same way as described above for equity securities; and
- (g) for futures contracts or forward contracts, the Portfolio Manager or its agent calculates the value as the gain or loss that would result from closing the position on that valuation day. If daily limits are in effect, the Portfolio Manager or its agent considers the fair value to be based on the current market value of the underlying security, index or currency.

For calculating the net asset values of the units of Social Housing Canadian Short-Term Bond Fund and Social Housing Canadian Bond Fund, the material provisions are as set forth above, except that the Portfolio Manager or its agent uses the following principles to determine the value of mortgages in these Funds' portfolios:

- (a) for conventional mortgages, the Portfolio Manager or its agent determines a principal amount that produces a yield equal to the yield of conventional mortgages sold by major lending institutions, if this is known on the valuation day, or that is equal to or not less than 0.25% below the interest rate for comparable mortgages on the valuation day;
- (b) for mortgages guaranteed under the *National Housing Act* (Canada), the Portfolio Manager or its agent uses a reasonable approximation of fair market value; and
- (c) for any mortgages that go into arrears, the Portfolio Manager or its agent uses the lower of the face value or market value as determined by a third party valuation.

Although the Portfolio Manager or its agent will generally determine the value of the assets of the Funds by following the valuation practices summarized above, the Portfolio Manager or its agent has the discretion to value the assets

using other methods if it determines that these practices are not appropriate in the circumstances. It may be necessary to exercise such discretion in situations where market prices are not readily available (such as for certain restricted or unlisted securities, warrants and private placements) or securities may not be reliably priced (such as in the case of technical difficulties, trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). The Portfolio Manager or its agent has policies in place regarding fair valuation and guidelines that provide guidance on how fair value should be determined. The application of fair value pricing represents a good faith determination based upon these guidelines. There can be no assurance that a Fund could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Fund determines its net asset value per unit.

Examples of instances where the Portfolio Manager or its agent has deviated from its usual valuation practices in order to determine the fair value of a Fund's asset are:

- (a) instances when the Portfolio Manager or its agent was unable to obtain a price for a fixed income security because dealers were unavailable to provide pricing information; and
- (b) instances where securities were issued to a Fund in connection with the restructuring activities of issuers already held by a Fund.

Canadian investment entities, such as the Funds, are required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"). Under IFRS, the Funds' accounting policies for measuring the fair value of its investments and derivatives for financial statement purposes are expected to mostly align with those used in measuring its NAV for transactions with unitholders.

For the purpose of determining net asset value, the Funds have also adopted the valuation requirements for restricted securities and for margin paid or deposited which have been established by Canadian securities regulatory authorities.

For the purpose of all necessary conversion of funds from another currency to Canadian currency, the customary sources of information for currency conversion rates used from time to time by the Funds will be applied on a consistent basis.

## **CALCULATION OF NET ASSET VALUE**

The net asset value of a Fund at any particular time on a valuation day is the fair market value of the assets of that Fund at the time the calculation is made less the amount of its liabilities at that time.

Each Fund maintains a separate net asset value for each series of units outstanding, as if the series were a separate fund. However the assets of the Fund constitute a single pool for investment purposes. To determine the net asset value of each series of units of a Fund the market appreciation or depreciation of all the assets held by the Fund is calculated, including equity securities, fixed income securities and derivatives in accordance with the valuation practices the Portfolio Manager or its agent establishes from time to time. These practices are summarized above. The Portfolio Manager or its agent determines the value of the assets for this purpose at the close of trading on each valuation day. For more information, please see Valuation of Portfolio Securities. The Fund's liabilities are also calculated to determine the net asset value of each series of units and include all debts, obligations, liabilities or claims of any kind and all accrued operating expenses and other charges.

The net asset value for a series is based on series specific amounts, such as amounts paid on the purchase and redemption of units of the series and expenses attributable solely to the series, and on the series' share of the Fund's investment earnings, market appreciation or depreciation of assets, common expenses and other amounts not attributable to a specific series. Expenses are recognized on an accrual basis.

The unit price for each series is the basis for calculating the purchase price or redemption price for buying, switching or redeeming units of that series. The unit price for each series is calculated by dividing the net asset value for the series by the number of outstanding units of the series. The unit price for each series is determined at the close of trading on each valuation day.

For Social Housing Canadian Short-Term Bond Fund and Social Housing Canadian Bond Fund, a valuation day is any day that the Toronto Stock Exchange and Canadian banks are open for business. For Social Housing Canadian Equity Fund, a valuation day is any day that the Toronto Stock Exchange is open for business.

The net asset value of each Fund and the net asset value per unit of each series of each Fund can be obtained on the Manager's website at [www.encasa.ca](http://www.encasa.ca) and such information will be available at no cost to the public.

## **PURCHASES AND SWITCHES**

### **Purchases**

The minimum amount for an initial investment by an investor is \$1,000 per Fund with a minimum subsequent investment of \$1,000 per Fund (other than reinvestment of distributions). Units of each Fund are offered on a continuous basis.

The applicable net asset value per Unit will be determined as described under "Calculation of Net Asset Value" above. Units of the Funds are bought in Canadian dollars and their net asset values are reported in Canadian dollars. There are no sales charges or commissions when you buy Units. The entire amount of your purchase will be invested in Units. Please see "Fees and Expenses" in the Simplified Prospectus of the Funds for more details.

Your purchase order will be deemed to be received on the valuation day on which it is received by Phillips, Hager & North Investment Funds Ltd. (the "Distributor") in its Vancouver office, unless it is received after 4:00 p.m. Eastern Time and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation day). Purchase orders received after 4:00 p.m. Eastern Time (and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation day) will be deemed to be received on the next valuation day on which the Distributor is open for business and the purchase price will be determined on the basis of the net asset value calculated on that day.

When you place a purchase order for Units of a Fund, full payment for the Units being purchased must accompany the purchase order. Payment may be made by cheque, wire order of funds or delivery of securities acceptable to the Portfolio Manager. If a cheque is returned because of insufficient funds, the Fund is deemed to have accepted an order for redemption of the Units on the next valuation day after the Distributor is notified. The Fund will apply the redemption proceeds to reduce the amount owing. If the redemption proceeds exceed the purchase price, the Fund will retain the excess. If the redemption proceeds are less than the purchase price, the Distributor will pay the Fund the amount of the deficiency and then will seek to collect this amount, plus the expense of doing so, from you.

Units may be purchased through the Distributor. Each Fund reserves the right to accept or reject any order for Units in whole or in part. The decision to accept or reject an order for Units in a Fund will be made promptly, and in any event within one business day of receipt of the order and all required documentation. In the event that your order is rejected, all of the subscription payment received with your order will be returned immediately to you.

### **Switches**

You can exchange Units from any Fund for Units of another Fund by placing an order with the Distributor. You may not switch your Units for Series B units.

## **REDEMPTION OF UNITS**

You may redeem your Units any time after your payment for them has cleared the Canadian banking system by making a redemption request to the Distributor. The redemption price is based on the applicable net asset value per Unit. In order to redeem Units, additional documents may be needed.

If all documents necessary to complete your redemption request are not received within 10 business days, the Fund is deemed to have accepted an order for the purchase of the Units on the first valuation day following the 10 day period. If the purchase price exceeds the redemption price, the Distributor will pay the Fund the amount of the deficiency and

then will seek to collect this amount, plus the expense of doing so, from you. If the purchase price is less than the redemption proceeds, the Fund will retain the difference.

A business day is any day the Toronto Stock Exchange is open for business.

Within two business days after the valuation day your redemption request is received, you will be entitled to receive the redemption proceeds if all necessary documents have been received by the Distributor. Redemption requests will be deemed to be received on the valuation date on which they are received by the Distributor in its Vancouver office, unless the redemption request is received after 4:00 p.m. Eastern time (and after 1:00 p.m. Eastern Time on December 24, if that day is a valuation day), in which case the date of the request will be deemed to be the next valuation day.

The Manager may suspend the right of redemption and postpone the date of payment upon redemption for any period, but only in compliance with securities regulatory rules or policies. The right of redemption may be suspended (a) for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50% of the value of the total assets of a Fund and if those securities or specified derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund, or (b) with the consent of the Ontario Securities Commission. If the right to redeem is suspended, purchase orders will not be accepted. If the right to redeem is suspended at any time, you may either withdraw your redemption request or receive payment based on the net asset value per Unit next determined after the termination of the suspension.

## **MANAGER**

The Manager manages the overall business and affairs of the Funds, including providing or arranging for administrative services, and the sale of Units of the Funds pursuant to a management agreement (the "Management Agreement"), as amended from time to time, between the Manager and each Fund.

The Manager provides or arranges the management of the Fund's investment portfolio, unitholder recordkeeping, bookkeeping and accounting, valuations, registrar and transfer agency services, reporting to unitholders and all services required to provide information regarding their Fund account to unitholders.

From time to time the Manager may charge a management fee that is less than the management fee the Manager is otherwise entitled to receive from a Fund. The Manager may also charge a management fee that is less than the management fee the Manager is otherwise entitled to receive from a Fund in respect of a unitholder which has made substantial investments in the Funds in respect of such unitholder's investment in the Fund. The amount of the fee reductions are not negotiable and are determined by the Manager in its discretion.

The Management Agreement will continue in force unless terminated by either a Fund or the Manager. The Management Agreement can be terminated by the Manager on 90 days' prior notice or in certain circumstances upon written notice. The Management Agreement can be terminated by a Fund with consent of the Manager and the approval of a majority of unitholders voting at a meeting called to consider the termination.

Each Fund is responsible for its operating expenses including brokerage, legal, audit, filing fees, trustee fees, interest expenses and taxes. The Funds' expenses for custody, unitholder recordkeeping, accounting, registrar and transfer agency services, unitholder reporting and other administrative services are borne by the Manager. Each Fund is permitted to sell securities in its portfolio in order to pay all these fees and expenses, if funds are not otherwise available.

The names and municipalities of residence of the directors and executive officers of the Manager, their positions and offices with the Manager and their principal business occupations within the five years preceding the date of this Annual Information Form are as follows:

<b><u>Name and Municipality of Residence</u></b>	<b><u>Office</u></b>	<b><u>Principal Occupation</u></b>
Thomas James Armstrong Vancouver, British Columbia	Director and Chair	August 2000 to present, Executive Director, Co-operative Housing Federation of British Columbia; November 2000 to present, Executive Director, COHO Management Services Society; August 2000 to present, Executive Director, Community Housing Land Trust Foundation; August 2014 to present, Executive Director, Vancouver Community Housing Land Trust Foundation; August 2002 to present, President, COHO Repair Services Inc.; January 2011 to present, President, COHO Property Management Inc.; April 2015 to present, Executive Director, Community Land Trust Foundation of British Columbia
Derek Ballantyne Toronto, Ontario	Chief Executive Officer	September 2014 to present, Chief Executive Officer, Encasa Financial Inc.; November 2012 to present, Chief Executive Officer, Community Forward Fund Assistance Corporation; March 2011 to present, President, DKGI Inc.; April 2018 to present, Managing Partner, New Market Funds
Janice Tuffnail Oakville, Ontario	Chief Operating Officer and Chief Compliance Officer	July 2012 to September 2014, Chief Executive Officer (Interim) of Encasa Financial Inc.; January 2010 to present, Chief Operating Officer and Chief Compliance Officer, Encasa Financial Inc.
Howie Wong Toronto, Ontario	Director	May 2013 to present, Chief Executive Officer, Housing Services Corporation; May 2013 to present, Chief Executive Officer/Director, HSC Insurance Inc.; May 2013 to March 2016, Chief Executive Officer/Director, G.L.O.B.E. Inc.; December 2013 to March 2016, Chief Executive Officer/Director, G3 Repair and Renew
Karla Skoutajan Ottawa, Ontario	Director	September 2017 to June 11, 2018 <sup>1</sup> , Acting Executive Director, Co-operative Housing Federation of Canada; March 1993 to present, Director, Sector Development, Co-operative Housing Federation of Canada
Jill Atkey Vancouver, BC	Director	February 2018 to present, Acting Chief Executive Officer, BC Non-Profit Housing Association; February 2018 to present, Acting Executive Director, The Society for Affordable Housing, Education, Awareness and Development; October 2017 to February 2018, Managing Director, BC Non-Profit Housing Association; March 2017 to present, Chief Executive Officer, 1068830 BC Ltd.; June 2010 to October 2017, Director, Research and Education, BC Non-Profit Housing Association

The Manager's duties which involve conflicts of interest are overseen by the IRC. See *Fund Governance - Independent Review Committee*.

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<sup>1</sup> Ms. Skoutajan will be retiring from her position as Director, Sector Development, Co-operative Housing Federation of Canada effective June 30, 2018.

## PORTFOLIO MANAGER

The Manager has retained the Portfolio Manager pursuant to an Investment Management and Services Agreement, as amended from time to time (the “Investment Management and Services Agreement”), to carry out research and to select, purchase and sell portfolio securities for the Funds.

Each Fund has its own investment strategy which is developed by and implemented by the Portfolio Manager.

The investment decisions for the Funds are made by teams of portfolio managers employed by the Portfolio Manager. Some portfolio managers focus on certain of the Funds more than others; however, all of the portfolio managers share information, expertise and decision-making authority with respect to all the Funds so that no one individual is principally responsible for any one Fund.

The names of the individuals who together are principally responsible for the day-to-day management of the Funds’ portfolios and the implementation of material strategies, and their principal business occupations or associations within the five years preceding the date of this Annual Information Form are as follows:

Fund	Name and Municipality of Residence	Principal Occupation
<b>SOCIAL HOUSING CANADIAN SHORT-TERM BOND FUND and SOCIAL HOUSING CANADIAN BOND FUND</b>	Stephen D. Burke	Mr. Burke is a Portfolio Manager, Fixed Income at RBC GAM. Prior to joining PH&N (one of the predecessor entities of RBC GAM) in 2002, he had 8 years’ investment experience with a Canadian investment manager.
	Matthew Dubras	Mr. Dubras is a Portfolio Manager, Fixed-Income at RBC GAM. He has been associated with RBC GAM since 1999.
	Kristian R. Sawkins	Mr. Sawkins is a Portfolio Manager, Fixed-Income at RBC GAM. He has been associated with RBC GAM since 2002.
<b>SOCIAL HOUSING CANADIAN EQUITY FUND</b>	Stu Kedwell	Mr. Kedwell is a senior Vice President and Co-Head, Canadian Equities at RBC GAM. He has been associated with RBC GAM since 1995.
	Doug Raymond	Mr. Raymond is Co-Head, Canadian Equities at RBC GAM. He has been associated with RBC GAM since 2002.
	Sarah Riopelle	Ms. Riopelle is a Vice President and Senior Portfolio Manager, Investment Solutions. She has been associated with RBC Asset Management Inc., one of the predecessor entities of RBC GAM, since 2003.
	Milos Vukovic	Mr. Vukovic is Vice President, Investment Policy of RBC GAM. He has been associated with RBC Asset Management Inc., one of the predecessor entities of RBC GAM, since 2003.

The Investment Management and Services Agreement between the Manager and the Portfolio Manager may be terminated on 90 days' prior written notice, or in certain circumstances upon written notice, by either party.

The Portfolio Manager is an indirect wholly-owned subsidiary of Royal Bank of Canada. The head office of the Portfolio Manager is in Toronto, Ontario.

## **BROKERAGE ARRANGEMENTS**

The Portfolio Manager decides or arranges for the allocation of brokerage business from the Funds based on the quality of research received, competitive commission costs and the dealers' ability to execute trades. From time to time brokerage business for the Funds may be allocated to RBC Dominion Securities Inc. ("RBC DS"), a dealer that is affiliated with Royal Bank of Canada and the Portfolio Manager. The business will be on competitive terms and conditions, including as to brokerage fees.

Dealers who execute trades for the Funds also make arrangements with people or companies to provide investment decision-making services to the Portfolio Manager. The Portfolio Manager complies with the CFA Institute Soft Dollar Standards.

The Portfolio Manager makes decisions as to the purchase and sale of Fund securities, including units of an underlying fund and other assets of the Funds such as cash and term deposits, as well as decisions regarding the execution of portfolio transactions of a Fund, including the selection of market, broker and the negotiation of commissions.

In effecting these portfolio transactions, the Portfolio Manager places brokerage business with numerous dealers and brokers on the basis of the best execution, which includes a number of considerations such as price, volume, speed and certainty of execution, and total transaction cost. The Portfolio Manager uses the same criteria in selecting all of its dealers and brokers, regardless of whether the dealer or broker is an affiliate of the Portfolio Manager. The Portfolio Manager currently has in place brokerage arrangements with an affiliate, RBC DS. RBC DS may provide research goods and services, order execution goods and services and mixed-use goods and services in exchange for effecting brokerage transactions, which goods and services are more fully described below.

In certain circumstances, the Portfolio Manager receives goods or services from dealers or brokers in exchange for directing brokerage transactions to such dealers or brokers. The types of goods and services for which the Portfolio Manager may direct brokerage commissions are research goods and services (*research goods and services*) and order execution goods and services (*order execution goods and services*).

The Portfolio Manager receives 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 securities. Such 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). The research goods and services that the Portfolio Manager is provided in exchange for brokerage commissions include advice, analyses and reports that focus on, among other matters, specific stocks, sectors and economies.

The Portfolio Manager also receives order execution goods and services, such as data analysis, software applications and data feeds. These goods and services may be provided by the executing dealer directly or by a party other than the executing dealer.

The users of these research goods and services and order execution goods and services are the Portfolio Manager's portfolio managers, analysts and traders.

In certain instances, the Portfolio Manager may receive goods and services containing some 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 (*mixed-use goods and services*). If the Portfolio Manager obtains mixed-use goods and services, the Portfolio Manager only uses brokerage commissions to pay for the portion that is used in its investment or trading decisions or in effecting securities

transactions, each on behalf of the Funds or client accounts. The types of mixed-use goods and services that the Portfolio Manager receives may include software applications and data analysis.

The Portfolio Manager conducts extensive trade cost analysis to ensure that the Funds and other clients of the Portfolio Manager receive a reasonable benefit considering the amount of brokerage commissions paid. Specifically, the Portfolio Manager's investment management and trade execution teams decide which dealers or brokers are allocated brokerage business based on the competitiveness of the commission costs, their ability to provide best execution of trades and the range of services and quality of research received.

The Portfolio Manager may use research goods and services and order execution goods and services to benefit the Funds and other clients of the Portfolio Manager other than those whose trades generated the brokerage commission. However, the Portfolio Manager has policies and procedures in place such that over a reasonable period of time, all clients, including the Funds, receive fair and reasonable benefit in return for the commission generated.

For a list of any other dealer, broker or third party which provides research goods and services and/or order execution goods and services, at no cost, call the Manager at 1-888-791-6671 or send an email to [information@encasa.ca](mailto:information@encasa.ca).

### **PRINCIPAL DISTRIBUTOR**

Phillips, Hager & North Investment Funds Ltd. has been appointed principal distributor of the Funds by a distribution agreement dated December 16, 2002, as amended from time to time (the "Distribution Agreement"). The Distribution Agreement in respect of each Fund may be terminated on 90 days' prior written notice, or in certain circumstances upon written notice, by the Distributor, Manager or applicable Fund. The address of the Distributor is 20th Floor, 200 Burrard Street, Vancouver, British Columbia V6C 3N5.

### **TRUSTEE**

The trustee of the Funds is RBC IS (the "Trustee"). Its principal office is located in Toronto, Ontario. The Trustee is a wholly owned subsidiary of Royal Bank. The Trustee has entered into an amended and restated Master Trust Agreement, which may be amended as described under the heading *Description of units offered by the Funds*.

The Trustee may resign by giving 90 days' notice to the unitholders and the Manager. The Manager may remove the trustee by giving 90 days' notice to the trustee, provided a successor trustee is appointed or the Fund is terminated.

### **CUSTODIAN**

RBC IS, Toronto, Ontario has been appointed custodian (the "Custodian") of the Funds by a Custodian Agreement dated April 1, 2010. RBC IS, as Custodian, is responsible for the safekeeping of the assets of the Funds. The Custodian Agreement may be terminated by either a Fund, the Manager or the Custodian on 90 days' prior written notice, or earlier in certain circumstances. Except as follows, the Custodian holds all cash and securities of the Funds. Sub-custodians, nominees and book based systems may also hold property of the Funds. Where a Fund makes use of listed and over-the-counter derivatives, the Fund may deposit portfolio securities or cash as margin in respect of such transactions with a dealer or other party in accordance with the policies of Canadian securities regulatory authorities.

### **AUDITORS**

PricewaterhouseCoopers LLP, of Toronto, Ontario, are the auditors of the Funds.

### **REGISTRAR**

RBC GAM has been appointed as registrar and transfer agent for the Funds. The registers of Units of the Funds are kept by RBC GAM at its Vancouver office in British Columbia.

## **OTHER SERVICE PROVIDER**

Pursuant to the Investment Management and Services Agreement, RBC GAM also provides certain services to the Funds, including fund accounting and reporting and portfolio valuation.

## **CONFLICTS OF INTEREST**

As at May 31, 2018 no person or company owns of record or, to the knowledge of the relevant Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding units of the Funds.

As at May 31, 2018, Housing Services Corporation holds 200,000 shares, representing 40% of the issued and outstanding shares of the Manager, Co-operative Housing Federation of Canada, Cooperative Housing Federation of British Columbia and BC Non-Profit Housing Association each hold 100,000 shares, together representing 60% of the issued and outstanding shares of the Manager.

## **FUND GOVERNANCE**

Responsibility for Fund governance rests with the Manager. See “Manager”. The Manager reviews at least quarterly the investment policies of the Funds, including Fund performance, regulatory issues (including adherence to investment restrictions and practices), and general activity of the Funds.

The Manager has delegated the authority to vote proxies for the securities held by the Funds to the Portfolio Manager. The Portfolio Manager has advised the Manager that the proxies associated with securities held by the Funds are voted in accordance with guidelines which follow these principles:

- Proxies will be voted in a manner that seeks to enhance long-term unitholder value.
- Proxies will be voted in a manner that is consistent with leading corporate governance practices.
- Management has important insights into the value creation process.

The Portfolio Manager considers each matter on a case-by-case basis and may vote in a manner different from that contemplated by the general guidelines where it believes it is appropriate in the circumstances. The Portfolio Manager utilizes the research services of Glass Lewis & Co., LLC and Institutional Shareholder Services, Inc., proxy voting advisory firms, as well as the voting services of Institutional Shareholder Services, Inc.

In the event that the Portfolio Manager faces a potential material conflict of interest with respect to proxies, its Corporate Governance Committee (the “Committee”) will meet to resolve the conflict. The Committee consists of three senior officers of the Portfolio Manager who are required to resolve the conflict in favour of its clients. The Portfolio Manager employs a Governance Analyst who is responsible for ensuring that it votes all proxies in accordance with its Proxy Voting Guidelines and for identifying any situation that must be addressed by its Committee. As the Portfolio Manager has discretionary authority over its clients’ portfolios, it files applicable class action settlement claims on behalf of existing client accounts.

The Social Housing Canadian Equity Fund may invest in units of other funds managed by the Portfolio Manager and held by the Social Housing Canadian Equity Fund. The Portfolio Manager will not vote units of other funds held by the Social Housing Canadian Equity Fund. However, it may pass on the right to vote units of other funds to unitholders of the Social Housing Canadian Equity Fund.

These guidelines are available on the Manager’s website, [www.encasa.ca](http://www.encasa.ca). A copy of the proxy record of a Fund for the most recent period ended June 30 of each year is available to any unitholder of that Fund upon request, at no cost, any time after August 31 of that year. The proxy voting records are also available at [www.encasa.ca](http://www.encasa.ca).

The Portfolio Manager has developed policies and procedures, controls and guidelines to help ensure that each Fund’s investments are made primarily in securities of companies that conduct themselves in a socially responsible manner and are consistent with the investment principles described in the Simplified Prospectus or as otherwise established by the Manager from time to time. As part of these policies and procedures, the Portfolio Manager screens each

company before the applicable Fund invests in it to ensure that it complies with the investment principles established. Each investment is also reviewed on a regular basis to ensure that it remains in accordance with those investment principles. If an applicable Fund holds an investment in a company that does not meet these principles, the Portfolio Manager may elect to sell that investment or the Fund may continue to hold that investment, in which case, the Portfolio Manager may attempt to bring about positive changes to the company's corporate behaviour by discussing its concerns with the company's management or board of directors, by using the voting rights associated with the Fund's investment or by other means that are appropriate in the circumstances. In addition, the Portfolio Manager may employ an external social and environmental screening company to assess the social and environmental performance of companies, and exercise the voting rights associated with a Fund's investments.

Derivatives may be used in managing the Funds. A detailed description of the risks related to the use of derivatives for the Funds can be found in the Simplified Prospectus under the heading *What is an investment fund and what are the risks of investing in an investment fund?* The Portfolio Manager has adopted written policies and procedures setting out the objectives for derivatives trading and related risk management. The objectives are:

- to enhance yields, or returns (or both);
- to isolate and manage risk; and
- to execute new strategies to add value.

Derivatives will not be used to leverage assets and will be used as permitted by National Instrument 81-102. They will be used for hedging purposes – to offset or control risk exposures of the Funds. The Social Housing Canadian Bond Fund and the Social Housing Canadian Equity Fund may also use derivatives for non-hedging purposes. A description of the derivatives used by each Fund can be found in the Simplified Prospectus under the heading *What does the fund invest in?* The Portfolio Manager regularly reviews and approves the policies, procedures and risk monitoring controls. Internal guidelines have been established with respect to all Fund risks including derivatives. For example, options have a maximum term exposure, and there is a minimum credit rating for counterparties of "A", as rated by approved credit rating organizations, excluding clearing corporations. Exposure to any one derivative's counterparty will not exceed 10% of a Fund's market value.

The Funds may engage in repurchase and reverse repurchase transactions and securities lending agreements only as permitted under securities laws. The decision as to the use of these transactions will be made by the Portfolio Manager after the required notice has been given to investors.

The portfolio managers of the Portfolio Manager are responsible for establishing the policies and procedures referred to above and assessing the adequacy of risk controls.

#### *Short-Term Trading*

The Manager has implemented policies and procedures to ensure that short-term trading does not take place within the Funds. Trades for the Funds are monitored for short-term trading. An automated query program is run on a daily basis against the Funds that identifies short-term trades that appear to have occurred. This report is generated by staff of RBC GAM acting in its capacity as registrar of the Funds and reviewed by the Manager. The Manager retains the right to reject a purchase of units by a unitholder who in its opinion is engaging in short-term trading.

#### *Independent Review Committee*

The Manager has established the IRC, the governance agency for the Funds as contemplated by National Instrument 81-107. The current members of the IRC are Brigitte Geisler (Chair), Cindy Taylor and Robert Medland, each of whom is independent from, and not an associate or affiliate of, the Manager or the Portfolio Manager.

Brigitte Geisler was first appointed to the IRC on May 1, 2012 for a three year term, was appointed Chair of the IRC on December 18, 2014 and reappointed to the IRC for a further three year term and as Chair of the IRC on May 1, 2015. Ms. Geisler has been reappointed to the IRC for a further two year term effective May 1, 2018.

Cindy Taylor was appointed to the IRC effective July 1, 2015 for a three year term. Ms. Taylor has been reappointed to the IRC for a further three year term effective July 1, 2018.

Robert Medland was appointed to the IRC effective May 1, 2016 for a three year term.

The mandate of the IRC is to review and provide input on Manager's written policies and procedures which deal with conflicts of interest to which the Manager is subject when managing the Funds, review and provide its decision on conflict of interest matters as required by National Instrument 81-107 and review and, if thought appropriate, approve any other matter that the Manager requests the IRC to review. The IRC must act in the best interests of the Funds' unitholders. The Manager is required to identify conflicts of interest inherent in its management of the Funds, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures guiding its management of those conflicts of interest.

Each member of the IRC will receive a fee for each meeting of the IRC attended by the member and will be reimbursed for reasonable expenses incurred. These fees and expenses will be allocated among the Funds in a manner considered fair and reasonable by the Manager. For the financial year ended December 31, 2017, the following fees were paid to members of the IRC: Brigitte Geisler - \$6,000, Cindy Taylor - \$4,000 and Robert Medland - \$4,000. The aggregate compensation paid to IRC members and expenses relating to the operation of the IRC paid by the Funds during the period ended December 31, 2017 were \$14,000 and \$29,180, respectively. Each Fund's share of the IRC's fees and expenses is disclosed in the relevant Fund's annual financial statements.

### **INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP, counsel to the Funds, the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") relevant to holders of Units of the Funds. This summary is based on the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency. Other than the Tax Proposals, this summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Accordingly, investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances. This summary assumes that each unitholder is exempt from tax under Part I of the Tax Act on the basis of being a non-profit organization for the purposes of paragraph 149(1)(l) of the Tax Act. This summary also assumes that each Fund qualifies at all material times as a "mutual fund trust" within the meaning of the Tax Act.

Each Fund intends to distribute its net income for tax purposes, including its net realized capital gains, if any, for each taxation year of the Fund to unitholders and will deduct such amounts in computing its income for purposes of the Tax Act to such an extent that the Fund will not be liable in any taxation year for income tax under Part I of the Tax Act.

### **MATERIAL CONTRACTS**

The only material contracts that have been entered into by the Funds are as follows:

- a Second Amended and Restated Master Trust Agreement dated as of November 12, 2014 between the Manager and RBC IS;
- a Second Amended and Restated Management Agreement dated November 13, 2014 between the Manager and each Fund;

- an Amended and Restated Distribution Agreement dated November 13, 2014 between the Manager and the Distributor;
- an Amended and Restated Investment Management and Services Agreement dated November 13, 2014 between the Manager and the Portfolio Manager; and
- a Custodian Agreement dated April 1, 2010 between the Manager, RBC IS and the Portfolio Manager.

Copies of these contracts may be inspected during ordinary business hours on any business day at the office of the Funds.

The Units of the Funds are offered under a single simplified prospectus and this single annual information form because many of the attributes of the Funds and their units are the same. Nevertheless, each of the Funds is responsible only for the disclosure contained in such documents which pertains to it and disclaims any responsibility for the disclosure pertaining to any other Fund. The certificate appended to this annual information form applies severally to each of the Funds as though such Fund were the only Fund referred to herein.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

As of the date of this Annual Information Form, there are no ongoing legal or administrative proceedings which are material to the Funds.

**CERTIFICATE OF THE FUNDS AND MANAGER**  
**Social Housing Canadian Short-Term Bond Fund**  
**Social Housing Canadian Bond Fund**  
**Social Housing Canadian Equity Fund (the “Funds”)**

Dated: June 28, 2018

This annual information form, together with the 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 do not contain any misrepresentations.

Encasa Financial Inc. in its capacity as manager of the Funds, to whom signing authority to sign on behalf of the Funds has been authorized by the Master Trust Agreement and Management Agreement relating to the Funds.

(signed)

“Derek Ballantyne”

Derek Ballantyne  
Chief Executive Officer

(signed)

“Janice Tuffnail”

Janice Tuffnail  
Chief Operating Officer, Chief  
Compliance Officer and signing in the  
capacity of Chief Financial Officer

On behalf of the Board of Directors of Encasa Financial Inc., as manager of the Funds, to whom signing authority to sign on behalf of the Funds has been authorized by the Master Trust Agreement and Management Agreement relating to the Funds.

(signed)

“Thomas James Armstrong”

Thomas James Armstrong  
Director

(signed)

“Howie Wong”

Howie Wong  
Director

## CERTIFICATE OF PRINCIPAL DISTRIBUTOR

Dated: June 28, 2018

To the best of our knowledge, information and belief, this annual information form, together with the 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 do not contain any misrepresentations.

Phillips, Hager & North Investment Funds Ltd.  
in its capacity as principal distributor of the Funds

(signed) “Mark Neill”  
Mark Neill  
President

## **SOCIAL HOUSING INVESTMENT FUNDS**

### **Social Housing Canadian Short-Term Bond Fund**

#### **Social Housing Canadian Bond Fund**

#### **Social Housing Canadian Equity Fund**

Additional information about the Funds is available in the Funds' Fund Facts, management reports of fund performance and financial statements. You can get a copy of these documents, at no cost by contacting Phillips, Hager & North Investment Funds Ltd. at 1-888-771-7473, or by e-mail at [shsf@phn.com](mailto:shsf@phn.com) or on the Manager's website at [www.encasa.ca](http://www.encasa.ca).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Manager's website at [www.encasa.ca](http://www.encasa.ca) or at [www.sedar.com](http://www.sedar.com).

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