

The accompanying financial statements have been prepared by the management of Encasa Financial Inc. as the manager (the "Manager") of the Social Housing Investment Funds (the "Funds") and approved by the Board of Directors of Encasa Financial Inc. The management is responsible for the information and representations contained in these financial statements. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

Encasa Financial Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 3 to the financial statements.



Thom Armstrong
Chair, Board of Directors
Encasa Financial Inc.



Derek Ballantyne
CEO
Encasa Financial Inc.

August 20, 2018

Unaudited Interim Financial Statements

The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited) (in \$000s)
SOCIAL HOUSING CANADIAN BOND FUND

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
BONDS						
CANADIAN BONDS						
CORPORATE						
76	Access Justice Durham Ltd.	5.015	31-Aug-2039	\$ 84	\$ 86	
100	Access Prairies Partnership	4.232	01-Mar-2048	100	105	
230	Aéroports de Montréal	6.950	16-Apr-2032	312	292	
100	Aéroports de Montréal	6.550	11-Oct-2033	143	139	
145	Aéroports de Montréal	5.670	16-Oct-2037	199	194	
70	Aéroports de Montréal	3.918	12-Jun-2045	79	77	
255	Aéroports de Montréal	3.360	24-Apr-2047	263	256	
425	Alberta Powerline LP	3.340	01-Jun-2032	425	428	
425	Alberta Powerline LP	3.351	01-Sep-2032	425	428	
95	Alberta Powerline LP	4.065	01-Dec-2053	95	102	
95	Alberta Powerline LP	4.065	01-Mar-2054	95	102	
200	Alectra Inc.	4.521	29-Apr-2021	201	211	
116	Alectra Inc.	3.033	25-Jul-2022	116	118	
137	Alectra Inc.	3.239	21-Nov-2024	141	140	
200	Alectra Inc.	2.488	17-May-2027	200	192	
405	Bank of Montreal	2.100	06-Oct-2020	402	400	
305	Bank of Montreal	1.880	31-Mar-2021	298	299	
595	Bank of Montreal	3.400	23-Apr-2021	608	606	
820	Bank of Montreal	1.610	28-Oct-2021	791	791	
200	Bell Canada	3.550	02-Mar-2026	199	201	
140	Bow Centre Street LP	3.690	14-Jun-2021	140	138	
102	Bow Centre Street LP	3.693	14-Jun-2022	102	100	
195	Bow Centre Street LP	3.797	13-Jun-2023	195	189	
1 118	Brookfield Asset Management Inc.	5.040	08-Mar-2024	1 204	1 204	
675	Brookfield Infrastructure Finance ULC	3.538	30-Oct-2020	686	686	
292	Brookfield Infrastructure Finance ULC	3.452	11-Mar-2022	292	295	
595	Brookfield Infrastructure Finance ULC	3.315	22-Feb-2024	595	590	
495	Brookfield Renewable Energy Partners ULC	5.140	13-Oct-2020	527	521	
85	Bruce Power LP	2.844	23-Jun-2021	85	85	
225	Bruce Power LP	3.969	23-Jun-2026	229	233	
305	Bruce Power LP	4.010	21-Jun-2029	306	312	
180	Bruce Power LP	4.132	21-Jun-2033	180	183	
460	Cameco Corp.	4.190	24-Jun-2024	462	457	
181	Capital City Link General Partnership	4.386	31-Mar-2046	191	197	
65	Cominar Real Estate Investment Trust	4.941	27-Jul-2020	69	67	
114	Cominar Real Estate Investment Trust	4.250	08-Dec-2021	114	114	
135	Cominar Real Estate Investment Trust	4.247	23-May-2023	135	133	
460	CU Inc.	6.800	13-Aug-2019	585	483	
630	CU Inc.	9.920	01-Apr-2022	969	785	
210	CU Inc.	6.215	06-Mar-2024	264	246	
135	CU Inc.	5.556	30-Oct-2037	172	173	
705	CU Inc.	3.964	27-Jul-2045	758	756	
75	CU Inc.	4.558	07-Nov-2053	75	89	
640	CU Inc.	4.094	19-Oct-2054	651	694	
78	Dufferin Wind Power Inc.	4.317	30-Nov-2033	78	78	
292	EllisDon Infrastructure JBH Inc.	2.018	28-Nov-2019	295	292	
80	Emera Inc.	4.830	02-Dec-2019	86	82	
355	Enbridge Gas Distribution Inc.	2.500	05-Aug-2026	346	342	
495	Enbridge Gas Distribution Inc.	6.650	03-Nov-2027	620	621	
95	Enbridge Gas Distribution Inc.	4.000	22-Aug-2044	99	102	

The accompanying notes are an integral part of the financial statements.

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
145	Enbridge Gas Distribution Inc.	4.950	22-Nov-2050	\$ 181	\$ 181	
2 490	Enbridge Pipelines Inc.	3.000	10-Aug-2026	2 478	2 431	
110	Enwave Energy Corp.	3.943	07-Dec-2037	110	108	
205	Fair Hydro Trust	3.357	15-May-2033	205	210	
215	Fair Hydro Trust	3.520	15-May-2038	215	226	
275	Fortis Inc.	2.850	12-Dec-2023	275	271	
10	FortisAlberta Inc.	5.400	21-Apr-2036	12	12	
30	FortisAlberta Inc.	5.850	15-Apr-2038	38	40	
160	FortisAlberta Inc.	4.850	11-Sep-2043	202	194	
200	FortisBC Energy Inc.	5.550	25-Sep-2036	252	255	
95	FortisBC Inc.	5.900	04-Jul-2047	125	134	
240	Gaz Metro Inc.	4.930	18-Jun-2019	274	246	
535	GE Capital Canada Funding Co.	4.600	26-Jan-2022	567	565	
970	Genesis Trust II	1.675	17-Sep-2018	970	970	
101	Grand Renewable Solar LP	3.926	31-Jan-2035	101	101	
280	Greater Toronto Airports Authority	6.450	03-Dec-2027	375	360	
300	Greater Toronto Airports Authority	7.100	04-Jun-2031	437	425	
140	Greater Toronto Airports Authority	6.980	15-Oct-2032	203	201	
100	Greater Toronto Airports Authority	3.260	01-Jun-2037	100	100	
20	Greater Toronto Airports Authority	5.630	07-Jun-2040	28	27	
70	Greater Toronto Airports Authority	5.300	25-Feb-2041	89	93	
165	Greater Toronto Airports Authority	4.530	02-Dec-2041	200	199	
523	H2O Power LP	3.310	30-Nov-2029	523	507	
105	Hospital Infrastructure Partners NOH Partnership	5.439	31-Jan-2045	120	122	
145	Hydro One Inc.	1.620	30-Apr-2020	143	143	
90	Hydro One Inc.	6.930	01-Jun-2032	133	124	
340	Hydro One Inc.	6.350	31-Jan-2034	449	455	
60	Hydro One Inc.	3.910	23-Feb-2046	64	63	
329	Hydro Ottawa Holdings Inc.	2.614	03-Feb-2025	328	322	
330	Inter Pipeline Ltd.	3.448	20-Jul-2020	334	335	
1 345	Inter Pipeline Ltd.	4.967	02-Feb-2021	1 416	1 413	
184	Kingston Solar LP	3.571	31-Jul-2035	184	178	
900	Lower Mattagami Energy LP	4.331	18-May-2021	995	943	
70	Lower Mattagami Energy LP	2.307	21-Oct-2026	70	67	
135	Maple Leaf Sports & Entertainment Ltd.	4.940	30-Jun-2023	135	141	
6	Maritimes & Northeast Pipeline LP	4.340	30-Nov-2019	5	6	
215	Melancthon Wolfe Wind LP	3.834	31-Dec-2028	215	216	
95	Mosaic Transit Partners GP	4.111	28-Feb-2038	95	97	
60	Mosaic Transit Partners GP	4.470	28-Feb-2053	60	62	
115	Mountain View Partners GP	3.974	31-Mar-2051	115	116	
305	North Battleford Power LP	4.958	31-Dec-2032	320	333	
515	North West Redwater Partnership	2.800	01-Jun-2027	501	494	
610	North West Redwater Partnership	4.250	01-Jun-2029	608	651	
110	North West Redwater Partnership	3.650	01-Jun-2035	110	109	
190	North West Redwater Partnership	4.750	01-Jun-2037	189	216	
295	North West Redwater Partnership	4.350	10-Jan-2039	304	319	
67	Northland Power Solar Finance One LP	4.397	30-Jun-2032	67	69	
185	Nova Gas Transmission Ltd.	8.900	27-May-2025	248	245	
115	Nova Scotia Power Inc.	8.850	19-May-2025	173	152	
200	Nova Scotia Power Inc.	5.950	27-Jul-2039	260	267	
100	OMERS Realty Corp.	2.473	12-Nov-2019	100	100	
10	OMERS Realty Corp.	3.203	24-Jul-2020	10	10	
495	Ontario Power Generation Inc.	3.315	04-Oct-2027	501	498	
73	Ottawa MacDonald-Cartier International Airport Authority	6.973	25-May-2032	99	92	
130	PSS Generating Station LP	4.795	24-Oct-2067	130	141	
160	Ridley Grain Ltd.	5.227	01-Aug-2024	160	170	
115	Royal Bank of Canada*	2.820	12-Jul-2018	118	115	

The accompanying notes are an integral part of the financial statements.

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
CORPORATE (cont.)						
462	Royal Bank of Canada*	2.770	11-Dec-2018	\$ 474	\$ 464	
895	Royal Bank of Canada*	1.590	23-Mar-2020	883	883	
1 110	Royal Bank of Canada*	2.860	04-Mar-2021	1 115	1 115	
465	Royal Bank of Canada*	2.030	15-Mar-2021	456	457	
646	Royal Bank of Canada*	1.650	15-Jul-2021	639	626	
153	SEC LP and Arci Ltd.	5.188	29-Aug-2033	153	163	
135	SGTP Highway Bypass LP	4.105	31-Jan-2045	135	142	
70	Sun Life Financial Inc.	2.770	13-May-2024	71	70	
75	TELUS Corp.	5.050	04-Dec-2019	78	78	
172	THP Partnership	4.394	31-Oct-2046	182	185	
235	TMX Group Ltd.	3.253	03-Oct-2018	235	236	
225	Toronto Hydro Corp.	3.540	18-Nov-2021	243	232	
340	Toronto-Dominion Bank	1.693	02-Apr-2020	335	336	
800	Toronto-Dominion Bank	2.563	24-Jun-2020	800	801	
680	Toronto-Dominion Bank	1.680	08-Jun-2021	663	664	
220	Toronto-Dominion Bank	3.005	30-May-2023	220	221	
100	TransCanada Pipelines Ltd.	6.280	26-May-2028	119	121	
439	TransCanada Pipelines Ltd.	4.350	06-Jun-2046	444	452	
250	TransCanada Pipelines Ltd.	4.330	16-Sep-2047	250	257	
340	TransEd Partners GP	3.951	30-Sep-2050	314	334	
100	Union Gas Ltd.	8.750	03-Aug-2018	133	101	
474	Union Gas Ltd.	3.790	10-Jul-2023	480	495	
110	Union Gas Ltd.	2.810	01-Jun-2026	110	108	
420	Union Gas Ltd.	2.880	22-Nov-2027	409	413	
495	Union Gas Ltd.	4.200	02-Jun-2044	515	548	
40	Vancouver Airport Authority	3.857	10-Nov-2045	45	44	
80	Vancouver Airport Fuel Facilities Corp.	3.653	20-Mar-2051	80	82	
753	Westcoast Energy Inc.	5.600	16-Jan-2019	809	767	
50	Westcoast Energy Inc.	6.750	15-Dec-2027	64	61	
105	Westcoast Energy Inc.	4.791	28-Oct-2041	118	116	
425	Winnipeg Airport Authority Inc.	4.569	20-Nov-2019	459	437	
60	Winnipeg Airport Authority Inc.	3.039	14-Apr-2023	60	61	
107	Winnipeg Airport Authority Inc.	6.102	20-Nov-2040	107	136	
				43 603	43 260	26.7
FEDERAL						
1 813	Canada Housing Trust No. 1	1.250	15-Dec-2020	1 809	1 776	
2 144	Canada Housing Trust No. 1	3.350	15-Dec-2020	2 344	2 207	
3 345	Canada Housing Trust No. 1	1.250	15-Jun-2021	3 342	3 256	
1 050	Canada Housing Trust No. 1	1.150	15-Dec-2021	1 030	1 012	
1 589	Canada Housing Trust No. 1	1.500	15-Dec-2021	1 591	1 550	
1 430	Canada Housing Trust No. 1	2.650	15-Mar-2022	1 525	1 449	
4 161	Canada Housing Trust No. 1	1.750	15-Jun-2022	4 182	4 076	
5 636	Canada Housing Trust No. 1	2.400	15-Dec-2022	5 690	5 650	
981	Canada Housing Trust No. 1	2.350	15-Jun-2023	978	979	
548	Canada Housing Trust No. 1	2.250	15-Dec-2025	550	539	
228	Canada Housing Trust No. 1	1.900	15-Sep-2026	223	218	
991	Canada Housing Trust No. 1	2.350	15-Jun-2027	992	976	
599	Canada Housing Trust No. 1	2.350	15-Mar-2028	592	588	
57	CBC Monetization Trust	4.688	15-May-2027	57	62	
3 565	Government of Canada	1.750	01-Mar-2019	3 568	3 568	
3 294	Government of Canada	1.750	01-May-2020	3 287	3 285	
5 334	Government of Canada	1.750	01-Aug-2020	5 302	5 313	
288	Government of Canada	0.750	01-Mar-2021	283	278	
2 491	Government of Canada	3.250	01-Jun-2021	2 733	2 578	
2 342	Government of Canada	0.500	01-Mar-2022	2 256	2 216	
1 353	Government of Canada	1.750	01-Mar-2023	1 339	1 333	
1 764	Government of Canada	1.500	01-Jun-2023	1 738	1 716	

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June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
FEDERAL (cont.)						
535	Government of Canada	2.500	01-Jun-2024	\$ 543	\$ 545	
587	Government of Canada	2.250	01-Jun-2025	599	590	
2 397	Government of Canada	2.000	01-Jun-2028	2 360	2 361	
5	Government of Canada	5.750	01-Jun-2033	7	7	
40	Government of Canada	5.000	01-Jun-2037	55	56	
55	Government of Canada	4.000	01-Jun-2041	70	71	
360	Government of Canada	3.500	01-Dec-2045	457	455	
198	Government of Canada	1.250	01-Dec-2047	226	241	
1 605	Government of Canada	2.750	01-Dec-2048	1 763	1 799	
559	Government of Canada	0.500	01-Dec-2050	538	567	
497	Government of Canada	2.000	01-Dec-2051	467	474	
				52 496	51 791	31.9
PROVINCIAL/MUNICIPAL						
185	City of Montreal	2.750	01-Sep-2026	185	182	
629	City of Montreal	3.000	01-Sep-2027	626	628	
442	City of Montreal	3.150	01-Sep-2028	442	446	
405	City of Ottawa	3.250	10-Nov-2047	404	409	
130	First Nations Finance Authority	3.050	01-Jun-2028	130	129	
150	Hospital for Sick Children	5.217	16-Dec-2049	146	202	
225	Hospital for Sick Children	3.416	07-Dec-2057	225	225	
381	Ontario Electricity Financial Corp.	8.500	26-May-2025	578	516	
232	Ontario Electricity Financial Corp.	9.000	26-May-2025	356	321	
874	Ontario Electricity Financial Corp.	8.250	22-Jun-2026	1 259	1 205	
121	Ontario School Boards Financing Corp.	5.900	11-Oct-2027	137	137	
83	Ontario School Boards Financing Corp.	5.376	25-Jun-2032	95	94	
565	OPB Finance Trust	2.980	25-Jan-2027	566	565	
1 653	Province of Alberta	2.200	01-Jun-2026	1 580	1 591	
129	Province of Alberta	3.900	01-Dec-2033	141	144	
409	Province of Alberta	3.450	01-Dec-2043	452	442	
1 115	Province of Alberta	3.300	01-Dec-2046	1 170	1 179	
114	Province of Manitoba	4.050	05-Sep-2045	125	134	
1 482	Province of Manitoba	2.850	05-Sep-2046	1 356	1 412	
200	Province of New Brunswick	3.650	03-Jun-2024	221	211	
198	Province of New Brunswick	4.800	26-Sep-2039	260	247	
191	Province of New Brunswick	4.800	03-Jun-2041	232	241	
184	Province of New Brunswick	3.550	03-Jun-2043	176	195	
817	Province of New Brunswick	3.800	14-Aug-2045	881	908	
453	Province of Newfoundland and Labrador	3.300	17-Oct-2046	424	462	
367	Province of Ontario	3.150	02-Jun-2022	380	377	
1 000	Province of Ontario	1.950	27-Jan-2023	991	979	
1 424	Province of Ontario	2.850	02-Jun-2023	1 505	1 445	
1 165	Province of Ontario	2.600	08-Sep-2023	1 165	1 168	
119	Province of Ontario	7.500	07-Feb-2024	166	149	
2 023	Province of Ontario	3.500	02-Jun-2024	2 228	2 120	
1 954	Province of Ontario	2.600	02-Jun-2025	1 949	1 944	
1 018	Province of Ontario	8.500	02-Dec-2025	1 539	1 405	
1 074	Province of Ontario	2.400	02-Jun-2026	1 064	1 047	
3 185	Province of Ontario	6.200	02-Jun-2031	4 494	4 300	
3 125	Province of Ontario	5.600	02-Jun-2035	4 353	4 205	
584	Province of Ontario	4.700	02-Jun-2037	735	727	
2 411	Province of Ontario	4.600	02-Jun-2039	3 175	3 004	
3 809	Province of Ontario	3.500	02-Jun-2043	4 024	4 131	
190	Province of Ontario	3.450	02-Jun-2045	200	205	
1 197	Province of Ontario	2.900	02-Dec-2046	1 152	1 170	
552	Province of Ontario	2.800	02-Jun-2048	526	530	
2 440	Province of Ontario	2.900	02-Jun-2049	2 398	2 393	
45	Province of Quebec	4.250	01-Dec-2021	50	48	

The accompanying notes are an integral part of the financial statements.

June 30, 2018

Par Value (000s)	Security	Coupon Rate %	Maturity	Cost	Fair Value	% of Net Assets
PROVINCIAL/MUNICIPAL (cont.)						
726	Province of Quebec	9.375	16-Jan-2023	\$ 1 097	\$ 938	
1 153	Province of Quebec	8.500	01-Apr-2026	1 793	1 611	
746	Province of Quebec	6.000	01-Oct-2029	1 027	970	
152	Province of Quebec	3.500	01-Dec-2045	166	167	
677	Province of Quebec	3.500	01-Dec-2048	745	750	
497	Province of Saskatchewan	2.550	02-Jun-2026	498	490	
109	Province of Saskatchewan	6.400	05-Sep-2031	161	150	
263	Province of Saskatchewan	3.900	02-Jun-2045	324	307	
437	Province of Saskatchewan	2.750	02-Dec-2046	424	417	
357	South Coast British Columbia Transportation Authority	3.800	02-Nov-2020	360	369	
108	University of British Columbia	6.650	01-Dec-2031	145	147	
				51 001	49 888	30.8
TOTAL CANADIAN BONDS				147 100	144 939	89.4
UNITED KINGDOM BONDS						
283	National Grid Electricity Transmission Plc. CAD	2.900	26-Nov-2019	282	285	
TOTAL UNITED KINGDOM BONDS				282	285	0.2
UNITED STATES BONDS						
420	AT&T Inc. CAD	3.825	25-Nov-2020	433	430	
360	Bank of America Corp. CAD	3.407	20-Sep-2025	360	359	
140	The Walt Disney Co. CAD	2.758	07-Oct-2024	139	138	
510	United Parcel Service Inc. CAD	2.125	21-May-2024	508	487	
788	United States Treasury	2.875	15-May-2028	1 046	1 038	
2 711	United States Treasury	3.125	15-May-2048	3 673	3 660	
TOTAL UNITED STATES BONDS				6 159	6 112	3.8
TOTAL BONDS				153 541	151 336	93.4
MORTGAGE-BACKED SECURITIES						
71	Peoples Trust	4.200	01-Oct-2019	71	73	
TOTAL MORTGAGE-BACKED SECURITIES				71	73	-
SHORT-TERM INVESTMENTS[†]						
50	Banner Trust			50	50	
1 650	Bay Street Funding Trust - Class A			1 646	1 646	
875	Enbridge Pipelines Inc.			875	875	
750	Fusion Trust			749	749	
2 050	Government of Canada Treasury Bills			2 045	2 045	
125	King Street Funding Trust			125	125	
625	Merit Trust - Senior Notes			620	620	
1 875	Prime Trust - Senior Notes			1 873	1 873	
225	SURE Trust			225	225	
75	Zeus Receivables Trust - Senior Notes			75	75	
TOTAL SHORT-TERM INVESTMENTS				8 283	8 283	5.1
TOTAL INVESTMENTS				161 895	159 692	98.5
UNREALIZED GAIN ON FOREIGN EXCHANGE CONTRACTS (SCHEDULE A)				-	50	-
TOTAL PORTFOLIO				\$ 161 895	159 742	98.5
OTHER NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					2 423	1.5
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS					\$ 162 165	100.0

June 30, 2018

SCHEDULE A
Foreign Exchange Contracts

Contracts	Maturity Date	Unrealized Gain
Bought CAD 1 898 Sold USD 1 429 @ 1.3285	17-Sep-2018	\$ 22
Bought CAD 866 Sold USD 653 @ 1.3254	17-Sep-2018	8
Bought CAD 436 Sold USD 328 @ 1.3280	17-Sep-2018	5
Bought CAD 659 Sold USD 496 @ 1.3280	17-Sep-2018	8
Bought CAD 868 Sold USD 656 @ 1.3240	17-Sep-2018	7
		\$ 50
TOTAL FOREIGN EXCHANGE		\$ 50

All counterparties have a credit rating of at least A.

* See note 7 in the generic notes.

† Short-term investments, which may be made up of treasury bills, commercial paper, term deposits and discount notes, and are grouped by issuer, earn interest at rates ranging from 1.16% to 1.80% and mature between July 3, 2018 and August 23, 2018.

Statements of Financial Position (unaudited)

(in \$000s except per unit amounts)

(see note 2 in the generic notes)	June 30 2018	December 31 2017
ASSETS		
Investments at fair value	\$ 159 692	\$ 159 420
Cash	58	208
Due from investment dealers	3 943	–
Subscriptions receivable	1	2
Unrealized gain on foreign exchange contracts	50	–
Dividends receivable, interest accrued and other assets	782	739
TOTAL ASSETS	164 526	160 369
LIABILITIES		
Due to investment dealers	2 220	–
Redemptions payable	15	–
Accounts payable and accrued expenses	126	132
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	2 361	132
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ("NAV")		
	\$ 162 165	\$ 160 237
Investments at cost	\$ 161 895	\$ 161 650
NAV		
SERIES A	\$ 159 014	\$ 157 178
SERIES B	\$ 3 151	\$ 3 059
NAV PER UNIT		
SERIES A	\$ 10.42	\$ 10.51
SERIES B	\$ 9.48	\$ 9.55

Statements of Comprehensive Income (unaudited)

(in \$000s except per unit amounts)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	2 295	2 227
Derivative income	(43)	37
Net realized gain (loss) on investments	(1 264)	24
Change in unrealized gain (loss) on investments	77	1 279
TOTAL NET GAIN (LOSS) ON INVESTMENTS AND DERIVATIVES	1 065	3 567
Net gain (loss) on foreign cash balances	15	17
TOTAL OTHER INCOME (LOSS)	15	17
TOTAL INCOME (LOSS)	1 080	3 584
EXPENSES (see notes – Fund Specific Information)		
Management fees	609	577
Filing fees	5	4
Legal fees	6	3
Audit fees	11	8
IRC fees	4	12
GST/HST	82	80
Expenses reimbursed by Manager	(3)	(3)
TOTAL EXPENSES	714	681
INCREASE (DECREASE) IN NAV	\$ 366	\$ 2 903
INCREASE (DECREASE) IN NAV		
SERIES A	\$ 361	\$ 2 864
SERIES B	\$ 5	\$ 39
INCREASE (DECREASE) IN NAV PER UNIT		
SERIES A	\$ 0.02	\$ 0.21
SERIES B	\$ 0.02	\$ 0.17

Statements of Cash Flow (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in NAV	\$ 366	\$ 2 903
ADJUSTMENTS TO RECONCILE NET CASH PROVIDED BY (USED IN) OPERATIONS		
Interest for distribution purposes	(11)	(4)
Non-cash distributions from underlying funds	–	–
Net realized loss (gain) on investments	1 264	(24)
Change in unrealized loss (gain) on investments	(77)	(1 279)
(Increase) decrease in accrued receivables	(43)	(6)
Increase (decrease) in accrued payables	(6)	15
(Increase) decrease in margin accounts	–	–
Cost of investments purchased	(183 388)	(328 276)
Proceeds from sale and maturity of investments	180 167	318 394
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1 728)	(8 277)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	6 740	11 809
Cash paid on redemption of redeemable units	(5 162)	(3 547)
Distributions paid to holders of redeemable units	–	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 1 578	\$ 8 262
Net increase (decrease) in cash for the period	(150)	(15)
Cash (bank overdraft), beginning of period	208	219
CASH (BANK OVERDRAFT), END OF PERIOD	\$ 58	\$ 204
Interest received (paid)	\$ 2 241	\$ 2 217
Dividends received, net of withholding taxes	\$ –	\$ –

Statements of Changes in NAV (unaudited) (in \$000s)

For the periods ended June 30 (see note 2 in the generic notes)	Series A		Series B		Total	
	2018	2017	2018	2017	2018	2017
NAV AT BEGINNING OF PERIOD	\$ 157 178	\$ 140 254	\$ 3 059	\$ 1 762	\$ 160 237	\$ 142 016
INCREASE (DECREASE) IN NAV	361	2 864	5	39	366	2 903
Early redemption fees	–	–	–	–	–	–
Proceeds from redeemable units issued	6 617	11 079	122	662	6 739	11 741
Reinvestments of distributions to holders of redeemable units	1 630	1 614	30	24	1 660	1 638
Redemption of redeemable units	(5 142)	(3 622)	(35)	–	(5 177)	(3 622)
NET INCREASE (DECREASE) FROM REDEEMABLE UNIT TRANSACTIONS	3 105	9 071	117	686	3 222	9 757
Distributions from net income	(1 630)	(1 614)	(30)	(24)	(1 660)	(1 638)
Distributions from net gains	–	–	–	–	–	–
Distributions from capital	–	–	–	–	–	–
TOTAL DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS	(1 630)	(1 614)	(30)	(24)	(1 660)	(1 638)
NET INCREASE (DECREASE) IN NAV	1 836	10 321	92	701	1 928	11 022
NAV AT END OF PERIOD	\$ 159 014	\$ 150 575	\$ 3 151	\$ 2 463	\$ 162 165	\$ 153 038

June 30, 2018

General Information (see note 1 in the generic notes)

The investment objective of the Fund is to provide investors with relatively high yields and stability of capital by investing in a well diversified portfolio of fixed income securities issued primarily by Canadian governments and corporations that conduct themselves in a socially responsible manner.

Financial Instrument Risk and Capital Management (see note 5 in the generic notes)
Credit Risk (%)

The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	June 30 2018	December 31 2017
AAA	39.0	46.7
AA	33.2	29.9
A	18.4	15.7
BBB	9.2	7.5
BB	0.2	0.2
Total	100.0	100.0

Concentration Risk (%)

The table below summarizes the Fund's investment exposure (after consideration of derivative products, if any) as at:

Investment mix	June 30 2018	December 31 2017
Federal Bonds	34.8	42.2
Provincial Bonds	29.8	29.8
Corporate Bonds	27.8	23.4
Municipal Bonds	1.0	1.0
Mortgage-Backed Securities	–	0.1
Cash/Other	6.6	3.5
Total	100.0	100.0

Interest Rate Risk (%)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30 2018	December 31 2017
Less than 1 year	4.3	2.5
1 – 5 years	39.5	39.6
5 – 10 years	22.5	27.4
> 10 years	33.7	30.5
Total	100.0	100.0

Please see the generic notes at the back of the financial statements.

As at June 30, 2018, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's NAV may have decreased or increased, respectively, by approximately 7.3% (December 31, 2017 – 7.3%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair Value Hierarchy (\$000s except % amounts)

(see note 3 in the generic notes)

The following is a summary of the inputs used as of June 30, 2018 and December 31, 2017.

June 30, 2018	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	151 409	–	151 409
Short-term investments	–	8 283	–	8 283
Derivatives – assets	–	50	–	50
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	159 742	–	159 742
% of total portfolio	–	100.0	–	100.0

December 31, 2017	Level 1	Level 2	Level 3	Total
Equities	–	–	–	–
Underlying funds	–	–	–	–
Fixed-income and debt securities	–	154 598	–	154 598
Short-term investments	–	4 822	–	4 822
Derivatives – assets	–	–	–	–
Derivatives – liabilities	–	–	–	–
Total financial instruments	–	159 420	–	159 420
% of total portfolio	–	100.0	–	100.0

For the periods ended June 30, 2018 and December 31, 2017, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management Fees

Encasa Financial Inc. is the Manager of the Fund and manages the overall business affairs of the Fund, including providing or arranging for administrative services and the sale of units of the Fund. Management fees are paid monthly in consideration for management, distribution, portfolio management and other services.

Management fees for each series are calculated at the following annual percentages, before GST/HST, of the daily NAV of each series of the Fund.

Series A	0.85%
Series B	1.00%

June 30, 2018

Investments by Related Parties
(\$000s except unit amounts)

Encasa Financial Inc., or its shareholders, held the following investments in the Fund as at:

	June 30 2018	December 31 2017
Units held		
Series A	22 342	–
Series B	25 985	25 734
Value of all units	479	246

Taxes (\$000s) (see note 6 in the generic notes)

The non-capital and capital losses as at December 31, 2017 for the Fund were approximately:

Capital losses	256
Non-capital losses	–

Redeemable Units (000s)

There is no limitation on the number of units available for issue. Units are purchased and redeemed at the NAV per unit.

For the periods ended June 30
(see note 2 in the generic notes)

	2018	2017
Series A		
Opening units	14 956	13 305
Issued number of units	637	1 044
Reinvested number of units	156	152
Redeemed number of units	(494)	(340)
Ending number of units	15 255	14 161
Series B		
Opening units	320	184
Issued number of units	14	69
Reinvested number of units	3	2
Redeemed number of units	(4)	–
Ending number of units	333	255

1. The Funds

The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario and governed by a Master Trust Agreement. Encasa Financial Inc. (the “Manager”) is the Manager of the Funds and its head office is located at 119 Spadina Avenue, Suite 400, Toronto, Ontario.

The Funds may issue an unlimited number of units in some or all of Series A and Series B.

Series A Units may be purchased by certain non-profit, tax-exempt, prescribed housing providers under the *Housing Services Act, 2011* (Ontario) and other tax-exempt housing-related organizations with the consent of the Manager.

Series B Units may be purchased by co-operative and non-profit organizations, and also by taxable corporations engaged in a social purpose in Canada with the consent of the Manager.

2. Financial Period

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2018 and 2017, or as at June 30, 2018 and December 31, 2017, as applicable. In the year a Fund or series is established, “period” represents the period from inception to June 30 of that fiscal year.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies of the Funds, which are investment entities, are as follows:

Adoption of New Accounting Standards Effective January 1, 2018, the Funds adopted IFRS 9 Financial Instruments. The new standard requires financial assets to be classified as amortized cost and fair value, with changes in fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

The adoption of IFRS 9 has been applied retrospectively without the use of hindsight and did not result in a change to the measurement of financial instruments, in either the

current or comparative period. The Funds’ financial assets and financial liabilities previously designated as FVTPL under IAS 39 Financial Instruments continue to be measured as FVTPL. Other financial assets and liabilities will continue to be measured at amortized cost.

Classification and Measurement of Financial Assets, Liabilities and Derivatives Each of the Funds classify their investment and derivative portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets, liabilities and derivatives is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds’ debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds’ business model objectives. Consequently, all investments and derivative contracts are measured at FVTPL.

The Funds’ obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Classification of Redeemable Units The Funds have multiple features across the different series of the Funds. Consequently, the Funds’ outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

Unconsolidated Structured Entities The Funds may invest in other Funds and exchange-traded funds (“ETFs”) managed by the Portfolio Manager or an affiliate of the Portfolio Manager (“sponsored funds”) and may invest in other funds and ETFs managed by unaffiliated entities (“unsponsored funds”); collectively, “underlying funds.” The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the Fund. The investments in underlying funds are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds’ objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and

other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives.

The underlying funds finance their operations by issuing redeemable units which are puttable at the unitholder's option, and entitle the unitholder to a proportional stake in the respective underlying funds' NAV.

The Funds do not consolidate their investment in underlying funds but account for these investments at fair value. The Manager has determined that the Funds are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the Funds meet the following criteria:

- (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income or both; and
- (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the Funds' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

Certain Funds may invest in mortgage-related or other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are securitized by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans while asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans. The Funds account for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date.

Determination of Fair Value The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between

knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds' financial instruments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), including broker quotes, vendor prices and vendor fair value factors; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The three-tier hierarchy of investments and derivatives is included in Notes to Financial Statements – Fund Specific Information.

Investments and derivatives are recorded at fair value, which is determined as follows:

Equities – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, management will determine the points within the bid-ask spread that are most representative of the fair value.

Fixed-Income and Debt Securities – Bonds, mortgage-backed securities and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities.

NHA-approved mortgages are valued at an amount which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.

Short-Term Investments – Short-term investments are valued at fair value, which is approximated at cost plus accrued interest.

Warrants – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any unrealized gain or loss at the close of

business on each valuation date is recorded as “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (loss) on foreign exchange contracts is included in “Derivative income” in the Statements of Comprehensive Income.

Underlying Funds – Underlying funds that are mutual funds are valued at their respective NAV per unit from fund companies on the relevant valuation dates and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation dates.

Fair Valuation of Investments – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, NAV per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. Management also has procedures in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

The Funds may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee (“VC”) of the Fund Accounting Agent. The VC provides oversight of the Funds’ valuation policies and procedures.

Cash Cash is comprised of cash and deposits with banks and is recorded at fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

Foreign Exchange The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars at the rate of exchange on each valuation

date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign cash balances” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Derivative income” in the Statements of Comprehensive Income.

Functional Currency The Funds have their subscriptions, redemptions and performance denominated in Canadian dollars and, consequently, the Canadian dollar is the functional currency for the Funds.

Valuation of Series A different NAV is calculated for each series of units of a Fund. The NAV of a particular series of units is computed by calculating the value of the series’ proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative NAV of each series. Expenses are accrued daily.

Investment Transactions Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed income and debt securities with the exception of zero coupon bonds.

Income Recognition Dividend income is recognized on the ex-dividend date and interest for distribution purposes is coupon interest recognized on an accrual basis and/or imputed interest on zero coupon bonds. “Income from investment trusts” includes income from underlying funds and other trusts. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized. Interest payments made by the Funds to counterparties on the payable leg of derivative contracts are recorded as “Interest expense” in the Statements of Comprehensive Income.

Expenses Each series of units of a Fund is responsible for the certain operating expenses, exclusive of the services included in the management fee, that relate specifically to that series and for its proportionate share of the operating expenses that

are common to all series. These expenses include audit, taxes, legal and filing fees, mortgage service fees and transaction costs, as applicable, and fees and expenses payable in connection with the Independent Review Committee (“IRC”).

Increase (Decrease) in NAV Per Unit Increase (decrease) in NAV per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units by series divided by the average units outstanding per series during the period.

4. Critical Accounting Judgments and Estimates

The preparation of financial statements requires the use of judgment in applying the Funds’ accounting policies and making estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that management has made in preparing the financial statements.

Fair Value Measurement of Securities Not Quoted in an Active Market

The Funds have established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed and consistently applied from period to period. The estimates of the value of the Funds’ assets and liabilities are believed to be appropriate as at the reporting date.

The Funds may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by management for the estimates used in determining fair value.

5. Financial Instrument Risk and Capital Management

The Manager is responsible for managing each Fund’s capital, which is its NAV and consists primarily of its financial instruments.

A Fund’s investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks on a Fund’s performance by employing professional, experienced portfolio managers, daily monitoring of the Fund’s holdings and market events, diversifying its investment portfolio within the constraints of its investment objectives, and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, the Manager also uses internal guidelines, maintains a governance structure that oversees each Fund’s investment activities and monitors compliance with the Fund’s investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund’s direct risks and pro rata exposure to the risks of underlying funds, as applicable.

Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of units. Liquidity risk is managed by investing the majority of a Fund’s assets in investments that are traded in an active market and that can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of its assets in liquid investments. In addition, a Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its NAV for the purpose of funding redemptions. All non-derivative financial liabilities, other than units, are due within 90 days.

Credit Risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty not being able to meet its financial obligations. The carrying amount of investments and other assets represents the maximum credit risk exposure as disclosed in a Fund’s Statements of Financial Position. The fair value of fixed-income and debt securities includes a consideration of the creditworthiness of the debt issuer. Credit risk exposure to over-the-counter derivative instruments is based on a Fund’s unrealized gain on the contractual obligations with the counterparty. The portfolio manager monitors each Fund’s credit exposure and counterparty ratings daily.

Concentration Risk

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a Fund’s interest-bearing investments will fluctuate due to changes in market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

Currency Risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

6. Taxes

The Funds qualify as open-ended mutual fund trusts under the *Income Tax Act* (Canada). In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Non-capital losses may be carried forward to reduce future taxable income for up to 20 years.

7. Administrative and Other Related-Party Transactions**Portfolio Manager, Registrar and Fund Accounting Agent**

RBC Global Asset Management Inc. ("RBC GAM"), a wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank"), is the portfolio manager, registrar and fund accounting agent of the Funds and provides or arranges for certain other services for the Funds. The fees paid to RBC GAM are paid by the Manager and not the Funds.

Certain Funds may invest in units of other Funds managed by RBC GAM or its affiliates ("underlying mutual funds"). A Fund will not invest in units of an underlying mutual fund if the Fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the underlying mutual fund for the same service. To the extent a Fund invests in underlying funds managed by RBC GAM or its affiliates, the fees and expenses payable by the underlying funds are in addition to the fees and expenses payable by the Fund. However, a Fund may only invest in one or more underlying funds provided that no management fees or incentive fees are payable that would duplicate a fee payable by the underlying fund for the same service. The Fund's ownership interest in underlying mutual funds is disclosed in the Notes to Financial Statements – Fund Specific Information.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Funds, such as banking and brokerage. Affiliates of RBC GAM that provide services to the Funds in the course of their normal business, all of which are wholly owned subsidiaries of Royal Bank of Canada, are discussed below.

Distributor

Phillips, Hager & North Investment Funds Ltd. is the principal distributor of the Funds and a wholly-owned subsidiary of RBC GAM. The fees paid to Phillips, Hager & North Investment Funds Ltd. are paid by RBC GAM and not the Funds.

Trustee and Custodian

RBC Investor Services Trust ("RBC IS") is the trustee and custodian of the Funds. RBC IS holds title to the Funds' property on behalf of unitholders and also holds the assets of the Funds. The fees paid to RBC IS are paid by RBC GAM and not the Funds.

Brokers and Dealers

The Funds have established or may establish standard brokerage agreements and dealing agreements at market rates with related parties such as RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, NBC Securities Inc. and Royal Bank of Canada. The Funds have relied on the standing instructions ("Standing Instructions") from their IRC with respect to the allocation of brokerage to related-party dealers and require RBC GAM to develop criteria for brokers and to allocate brokerage on the basis of best execution in the particular circumstances of a trade and that trades allocated to related-party dealers be on competitive terms and conditions, including as to brokerage commissions.

Other Related-Party Transactions

Pursuant to applicable securities legislation, the Funds relied, or may have relied, on the Standing Instructions from the IRC with respect to one or more of the following transactions:

Related-Party Trading Activities

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer 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;
- (c) purchases of equity and debt securities from or sales of equity or debt securities to a related-party dealer, where it acted as principal; and
- (d) inter-fund trading. These Standing Instructions impose terms and conditions on inter-fund trades, including that an investment decision in respect of inter-fund trading is influenced solely by the best interests of each Fund, the trade is made in compliance with the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds*, and that the terms of the purchase and sale are no less beneficial to the Funds than those generally available to other market participants in an arm's-length transaction.

The applicable Standing Instructions require that Related-Party Trading Activities be conducted in accordance with applicable RBC GAM policies and that RBC GAM reports to the Manager who reports to the IRC on a quarterly basis.

The Standing Instructions related to the transactions described in (a), (b) and (c) listed above, impose terms and conditions on Related-Party Trading Activities, including that the investment be in accordance with the investment objectives of each Fund and in the best interests of each Fund and that an investment decision in respect of Related-Party Trading Activities:

- (i) is free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates;
- (ii) represents the business judgment of RBC GAM, uninfluenced by considerations other than the best interests of the Funds;
- (iii) is in compliance with RBC GAM policies and procedures; and

- (iv) achieves a fair and reasonable result for the Funds.

8. Revision of Comparative Information

Where applicable, certain comparative figures on the Statements of Cash Flow have been revised.

Amounts reclassified to "Non-cash distributions from underlying funds" have been presented separately from amounts related to "Cost of investments purchased" to appropriately reflect the non-cash components of investments purchased. The impact on the "Net cash provided by (used in) operating activities" is nil.

Comparative figures on the Statements of Cash Flow have been revised for the Social Housing Canadian Equity Fund.

Where applicable, certain comparative figures on the Statements of Comprehensive Income have been revised due to the implementation of IFRS 9. Certain amounts previously recorded as "Net gain (loss) on foreign currencies and other net assets," "Other derivatives" and "Net gain (loss) from futures contracts" are now recorded as "Derivative income." And certain amounts previously recorded as "Other income (loss)" are now recorded as "Income from investment trusts."

Comparative figures on the Statements of Comprehensive Income have been revised for the following funds:

Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund

Where applicable, certain comparative figures in the Fair Value Hierarchy table have been revised to reflect the investment in exchange-traded funds as part of "Underlying funds" rather than as "Equities."

Comparative figures in the Fair Value Hierarchy table have been revised for the Social Housing Canadian Equity Fund.

9. Subsequent Events

Effective September 28, 2018, Natcan Trust will be appointed as the Trustee and Custodian, National Bank Financial Inc. will be appointed as the Registrar and Fund Accounting Agent, Addenda Capital Inc. will be appointed as the portfolio sub-advisor to the Manager in respect of the Social Housing Canadian Short-Term Bond Fund and the Social Housing Canadian Bond Fund, Genus Capital Management Inc. will be appointed as the portfolio sub-advisor to the Manager in respect of the Social Housing Canadian Equity Fund and Worldsource Financial Management Inc. will be appointed as the Principal Distributor for the Funds.