

February 26, 2019

To the Unitholders of the:

**Social Housing Canadian Short-Term Bond Fund
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
(collectively the "Social Housing Investment Funds", the "SHIF", or the "Funds")**

Dear Investor,

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"), Encasa Financial Inc. (the "Manager") has established an Independent Review Committee (the "IRC") for the Funds. The IRC is composed of three individuals, each of whom is independent of the Funds, the Manager and its affiliates.

The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Funds. 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.

The Manager must refer its proposed course of action in respect of any such conflict of interest matter to the IRC for its review. Certain matters require the IRC's prior approval before proceeding, but in most cases the IRC is only required to offer a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the relevant Fund(s). For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions ("the SIs"), which enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval or recommendation, providing the Manager undertakes them in accordance with the SIs.

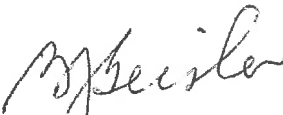
The members of the IRC are proud to represent the best interests of the Funds in any matter where the Manager has a conflict of interest. In respect of any conflict of interest matter referred to us, we apply our best judgment to ensure that the Manager's proposed course of action represents a fair and reasonable result for the relevant Fund(s) and is fair to Unitholders' interests.

We are pleased to publish this annual report to the Unitholders of the Funds, which describes the IRC and its activities during the last financial year of the Funds ending December 31, 2018.

This report is available on the Manager's website at www.encasa.ca or you may request a copy be mailed, at no cost to you, by contacting Encasa Financial Inc. at 1-888-791-6671.

This document and other information about the Funds, such as the Simplified Prospectus, Annual Information Form and Fund Facts, are also available on www.sedar.com.

Yours sincerely,



Brigitte Geisler
Chair, SHIF IRC

Annual Report of the Independent Review Committee of the Social Housing Investment Funds

Social Housing Canadian Short-Term Bond Fund

Social Housing Canadian Bond Fund

Social Housing Canadian Equity Fund

(collectively the “Social Housing Investment Funds”, the “SHIF”, or the “Funds”)

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”), Encasa Financial Inc. (the “Manager”) has established an Independent Review Committee (the “IRC”) for the Funds.

The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Funds, which have been brought to the IRC’s attention. 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.

Composition of the IRC

The current members (the “IRC Members”) of the IRC, each of whom is independent of the Funds, the Manager and its affiliates, and their principal occupations, are as follows:

Name and Municipality of Residence	Principal Occupation	Initial Appointment and Term of Office	Other IRC Appointments
Brigitte Geisler, Toronto, Ontario Chair, IRC	Lawyer	First appointed May 1, 2012 for a three (3) year term. Reappointed May 1, 2015 for a three (3) year term. Reappointed May 1, 2018 for a two (2) year term as approved by the Manager.	Chair, IRC AIP Asset Management
Cindy Taylor, Vancouver, BC	Asset Manager	First appointed July 1, 2015 for a three (3) year term. Reappointed May 1, 2018 for a three (3) year term.	N/A
Robert Medland, Toronto, Ontario	Accountant - CPA, CA	First appointed May 1, 2016 for a three (3) year term	N/A

Compensation and Indemnification

At least annually, the IRC reviews its compensation, giving consideration to the following:

1. the number, nature and complexity of the investment Funds for which the IRC acts;
2. the nature and extent of the workload of each IRC member, including the frequency of meetings required and the commitment of time and energy that is expected from each member;
3. industry best practices, including industry averages and surveys on independent review committee compensation;
4. the responsibilities of, and the potential liabilities faced by the IRC members;
5. the best interests of the Funds; and
6. the recommendation of the Manager.

In considering these factors, the IRC has directed that the IRC's compensation be shared equally among the individual Funds. The IRC's compensation is comprised of Members' Fees.

Members' Fees

The IRC Members are paid a "per meeting" fee. The total compensation paid to the IRC members in aggregate for the year, amounted to \$19,000 in 2018. The IRC reviewed its compensation in December 2018 in accordance with the above considerations, and in keeping with the Manager's recommendation, determined that the current fees were adequate.

Indemnification of IRC Members

No indemnities were paid to the IRC Members by the Funds or the Manager during the financial year ending December 31, 2018.

Disclosure of IRC Member's Holdings

As at December 31, 2018, the IRC Members did not beneficially own, directly or indirectly:

- any units in any of the Funds;
- any voting or equity securities of the Manager; or
- any voting or equity securities in a person or company that provides services to the Manager or a Fund.

Standing Instructions

The IRC has approved Standing Instructions (the "SIs"), which permit the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI.

Q1-Q3 2018

The Manager relied on the following SIs, as applicable, in the first 3 quarters (Q1, Q2, Q3) of the financial year 2018 ending September 30, 2018:

Standing Instruction No.1: **CONFLICT OF INTEREST MATTERS: POLICIES AND PROCEDURES MANUAL - OMNIBUS**, as applicable. This SI approves the Manager's actions as specified in the Manager's COIM: Policies and Procedures, as listed in Appendix A.

Standing Instruction No.2: **CALCULATION OF THE NAV**

Standing Instruction No. 3: **INTER-FUND TRADING** The Manager did not make any inter-fund trades and did not, therefore, rely on this SI in the first 3 quarters (Q1, Q2, Q3) of the financial year 2018 ending September 30, 2018.

Standing Instruction No. 4: **TRADING IN SECURITIES OF A RELATED ISSUER OF THE PORTFOLIO MANAGER**

Standing Instruction No. 5: **RELATED UNDERWRITER PROHIBITIONS**

Standing Instruction No. 6: **RELATED DEALER PRINCIPAL TRADING RESTRICTIONS**

Standing Instruction No. 7: **USE OF BROKERAGE SERVICES**

Q4 2018

Starting September 30, 2018, the Manager transitioned to a new business model for managing the Funds and servicing its Unitholders. Implementation of the new business model altered the potential conflict of interest matters inherent in its management of the Funds, in that there are no related registered entities to the Manager or the Portfolio Manager, as defined in NI 81-107, that could or could be perceived to direct or materially affect the direction of the Management and policies of the Corporation or the Funds. The Manager identified the potential conflicts of interest under the new business model and requested input from the IRC on how to manage those conflicts of interest, as well as input on its written policies and procedures guiding its management of those conflicts of interest. The IRC approved one new Standing Instruction to replace the previous Standing Instructions No. 1-7, which permits the Manager to proceed with the specific action (s) set out in the SI on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI.

The Manager relied on the following SI in the last quarter (Q4) of the financial year ended December 31, 2018:

Standing Instruction No.1: **OMNIBUS - CONFLICT OF INTEREST MATTERS: POLICIES AND PROCEDURES**, as applicable. This SI approves the Manager's actions as specified in the Manager's COIM: Policies and Procedures, as listed in Appendix B.

Conflict of Interest Matters Reviewed

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation.

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

Referrals from the Manager

In addition to the conflict of interest matters undertaken in compliance with the terms and conditions of the SIs, during the financial year ending December 31, 2018, the Manager referred the following potential conflict of interest matters to the IRC for its approval and recommendation and relied on the recommendation of the IRC as presented below, as follows:

1) Change in Service Providers – Portfolio Manager

In accordance with the Manager's COIM: Policies & Procedures, when the Manager makes a material change in a Fund service provider, that involves insourcing or outsourcing services that are managed by the Manager, there is a perceived or potential conflict of interest to the extent that the decision could result in benefits to the Manager.

In March 2018 the Manager referred a potential conflict of interest matter to the IRC related to a proposed change in the Portfolio Manager of the Funds from RBC Global Asset Management to Encasa Financial Inc. for the consideration and recommendation of the IRC.

The Manager's COIM: Policies & Procedures provide for the following:

"Any proposal (by the Manager) to make a material change to a Fund service provider will be reviewed in light of the following considerations:

- a) there must be comprehensive business rationale for the termination of the existing arrangement related firstly to the best interests of the Fund(s), and secondarily, to the best interests of the Manager;
- b) the new service being proposed must be comparable to, or greater than the existing service in professional capacity;
- c) the cost of the new service being proposed must be comparable to or less than the existing service. "

Whenever the Manager is contemplating a material change to a Fund service provider, the proposal will be referred to the IRC for its prior review and recommendation.

The IRC considered the proposed course of action on March 7, 2018 and passed the following resolution:

"After reviewing the Manager's proposal and after making reasonable inquiry, in the opinion of the IRC, the Manager's proposed course of action to change the Portfolio Manager of the Funds from RBC GAM to Encasa Financial Inc. as presented by the Encasa Financial Inc. CEO, will achieve a fair and reasonable result for the SHIF Funds."

2) Change in Service Providers – Sub-Advisers

In accordance with the Manager's COIM: Policies & Procedures, when the Manager makes a material change in a Fund service provider, that involves insourcing or outsourcing services that

are managed by the Manager, there is a perceived or potential conflict of interest to the extent that the decision could result in benefits to the Manager.

In June 2018 the Manager referred a potential conflict of interest matter to the IRC related to the Manager's proposal to contract with Addenda Capital and Genus Capital Management as sub-advisers for the portfolio management of the Funds, for the consideration and recommendation of the IRC.

The Manager's COIM: Policies & Procedures provide for the following:

"Any proposal (by the Manager) to make a material change to a Fund service provider will be reviewed in light of the following considerations:

- a) there must be comprehensive business rationale for the termination of the existing arrangement related firstly to the best interests of the Fund(s), and secondarily, to the best interests of the Manager;
- b) the new service being proposed must be comparable to, or greater than the existing service in professional capacity;
- c) the cost of the new service being proposed must be comparable to or less than the existing service. "

Whenever the Manager is contemplating a material change to a Fund service provider, the proposal will be referred to the IRC for its prior review and recommendation.

The IRC considered the proposed course of action on June 27, 2018 and passed the following resolution:

"After reviewing the Manager's proposal and after making reasonable inquiry, in the opinion of the IRC, the Manager's proposed course of action to enter into contractual arrangements with Addenda Capital and Genus Capital Management for sub-advisory services for the portfolio management of the Funds, as presented by the Encasa Financial Inc. CEO, will achieve a fair and reasonable result for the SHIF Funds."

Other Matters in 2018

Over the course of 2018, the IRC is of the view that the Manager kept the IRC apprised of its business activities, as appropriate.



Brigitte Geisler
Chair, SHIF IRC

Appendix A

POLICIES AND PROCEDURES COVERED BY OMNIBUS INSTRUCTIONS Q1, Q2, Q3 2018:

Charging and Allocation between Fund(s) and Series
Showing Favouritism to Unitholders
Personal Trading by the Manager's Access Persons
Accepting Gifts by the Manager's Access Persons from a Service Provider
Complaints Handling
Short Term Trading and Market Timing
Investment Allocations
Correcting Portfolio Pricing Errors
Correcting Unitholder Account Errors
Making Reasonable Enquiries of Portfolio Manager's Conflict of Interest Policies
Services Provided to the Fund by Related Parties
Proxy Voting for Securities held by a Fund

Appendix B

POLICIES AND PROCEDURES COVERED BY OMNIBUS INSTRUCTIONS Q4 2018:

Charging and Allocation between Fund(s) and Series
Showing Favouritism to Unitholders
Personal Trading by the Manager's Access Persons
Accepting Gifts by the Manager's Access Persons from a Service Provider
Complaints Handling
Short-term Trading and Market Timing
Investment Allocations
Correcting Portfolio Pricing and/or Unitholder Account Errors
Broker Selection
Execution of Trades
Use of Client Brokerage Commission
Reasonable Enquiries of Sub-Advisers' Conflict of Interest Policies
Services Provided to the Funds by Related Parties
Proxy Voting for Securities held by a Fund.