

FIXED-INCOME FUND

**SOCIAL HOUSING
CANADIAN SHORT-TERM BOND FUND**

June 30, 2019

The Board of Directors of Encasa Financial Inc. approved this interim management report of fund performance on August 29, 2019.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

Encasa Financial Inc. is the manager (the “Manager”) and the portfolio manager (the “Portfolio Manager”) of the Fund.

This interim management report of fund performance contains financial highlights, but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the interim and the annual financial statements at your request, and at no cost, by calling 1-888-791-6671 x 237, by writing to Social Housing Investment Funds c/o Encasa Financial Inc., 119 Spadina Avenue, Suite 400, Toronto, Ontario, M5V 2L1, or by visiting the Manager’s website at www.encasa.ca or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure relating to the Fund.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The investment objective of the Fund is to obtain a relatively high level of current interest income consistent with preserving capital and maintaining liquidity by investing primarily in Canadian short-term debt instruments. The Fund invests primarily in high-quality debt obligations issued or guaranteed by Canadian governments and companies that conduct themselves in a socially responsible manner. The average term to maturity of the Fund's portfolio is typically one to five years.

Results of Operations

The Fund's net asset value was \$254 million as of June 30, 2019.

Over the past six months, the Fund's Series A units gained 2.8%. The Fund's return is after the deduction of fees and expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Interest rates fell during the period as the Federal Reserve (the "Fed") and Bank of Canada ("BoC") signalled a bias towards easing monetary policy. Credit spreads narrowed in the risk-on environment, resulting in Provincial and Corporate bonds outperforming Government of Canada issues. Actively trading the portfolio with a longer relative duration added value as rates fell. An overweight allocation to Corporate bonds was a positive contributor as was security selection within the Provincial sector.

Recent Developments

The Fed, and the BoC to a lesser extent, continued to communicate a strong desire to support the economic expansion which the bond market interpreted as a signal to price in cuts to monetary policy this year. It appears that an easing cycle may be starting. Slower growth with little inflation pressure suggests rates will trade in a lower range during the second half of 2019. Portfolio duration will be actively traded to take advantage of expected volatility. Portfolio credit exposure has been positioned defensively, with a focus on credit fundamentals and we will look to add opportunistically as better valuation develops.

Related-Party Transactions

Portfolio Manager, Registrar and Fund Accounting Agent

Encasa Financial Inc. is the portfolio manager and National Bank Financial Inc. is the registrar and fund accounting agent of the Fund. The fees paid to National Bank Financial Inc. are paid by the Manager and not the Fund.

Distributor

Worldsource Financial Management Inc. is the principal distributor of the Fund. The fees paid to Worldsource Financial Management Inc. are paid by the Manager and not the Fund.

Trustee and Custodian

Natcan Trust Company is the trustee and custodian of the Fund. Natcan Trust Company holds title to the Fund's property on behalf of unitholders and also holds the assets of the Fund. The fees paid to Natcan Trust Company are paid by the Manager and not the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2019), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
June 30, 2019	10.00	0.13	(0.04)	0.10	0.09	0.28	(0.11)	–	–	–	(0.11)	10.17
Dec. 31, 2018	10.06	0.26	(0.08)	(0.31)	0.24	0.11	(0.18)	–	–	–	(0.18)	10.00
Dec. 31, 2017	10.24	0.23	(0.08)	(0.06)	(0.13)	(0.04)	(0.15)	–	–	–	(0.15)	10.06
Dec. 31, 2016	10.34	0.25	(0.08)	(0.02)	(0.08)	0.07	(0.17)	–	–	–	(0.17)	10.24
Dec. 31, 2015	10.33	0.26	(0.08)	(0.01)	0.02	0.19	(0.18)	–	–	–	(0.18)	10.34
Dec. 31, 2014	10.27	0.28	(0.08)	0.03	0.03	0.26	(0.20)	–	–	–	(0.20)	10.33
Series B												
June 30, 2019	9.68	0.13	(0.04)	0.10	0.09	0.28	(0.01)	–	–	–	(0.01)	9.94
Dec. 31, 2018	9.73	0.27	(0.09)	(0.32)	0.24	0.10	(0.18)	–	–	–	(0.18)	9.68
Dec. 31, 2017	9.91	0.22	(0.08)	(0.05)	(0.14)	(0.05)	(0.13)	–	–	–	(0.13)	9.73
Dec. 31, 2016	10.00	0.24	(0.09)	(0.02)	(0.12)	0.01	(0.15)	–	–	–	(0.15)	9.91
Dec. 31, 2015	10.00	0.25	(0.16)	(0.01)	0.02	0.10	(0.17)	–	–	–	(0.17)	10.00
Dec. 31, 2014 ³	10.00 [†]	0.03	(0.01)	–	–	0.02	(0.04)	–	–	–	(0.04)	10.00

¹ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

² Distributions were paid in cash or reinvested in additional units of the Fund.

³ From November 24, 2014.

[†] Initial offering net asset value per unit.

FINANCIAL HIGHLIGHTS (cont.)

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	MER (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
June 30, 2019	10.17	247,064	24,291	0.79	0.79	202.15	—
Dec. 31, 2018	10.00	229,383	22,942	0.81	0.81	282.52	—
Dec. 31, 2017	10.06	245,885	24,440	0.79	0.79	154.89	—
Dec. 31, 2016	10.24	251,096	24,510	0.79	0.79	187.42	—
Dec. 31, 2015	10.34	248,191	24,010	0.79	0.79	166.22	—
Dec. 31, 2014	10.33	246,970	23,914	0.78	0.78	197.53	—
Series B							
June 30, 2019	9.94	7,274	732	0.75	0.83	202.15	—
Dec. 31, 2018	9.68	7,113	735	0.86	0.93	282.52	—
Dec. 31, 2017	9.73	8,058	828	0.85	0.93	154.89	—
Dec. 31, 2016	9.91	6,931	699	0.85	0.99	187.42	—
Dec. 31, 2015	10.00	1,122	112	0.84	1.58	166.22	—
Dec. 31, 2014 ⁴	10.00	10	1	0.84	0.84	197.53	—

¹ The management expense ratio ("MER") is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. The Manager may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by the Manager of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by the Manager.

² The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of a fund.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

⁴ From November 24, 2014.

Management Fees

Encasa Financial Inc. is the Manager of the Fund. Management fees for each series of the Fund are calculated at the annual percentages, before taxes, of the daily net asset value of each series of the Fund. The breakdown of the services received in consideration of the management fees for each series, as a percentage of the management fees, is as follows:

	Management Fees	Breakdown of Services	
		Distribution	Other*
Series A	0.80%	—	100%
Series B	0.90%	—	100%

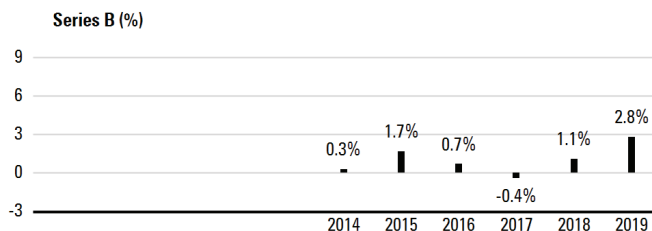
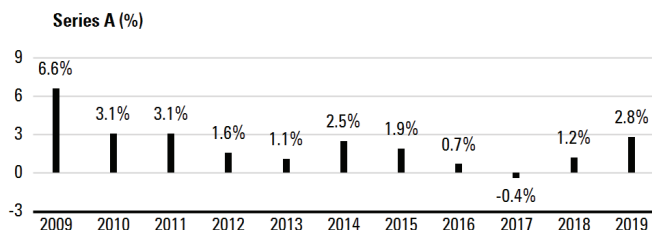
* Includes all costs related to management, portfolio management, registrar, general administration and profit.

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the series of the Fund for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year or interim period.



Series B units have been available for sale to unitholders since November 2014. Inception dates are not provided for series that have been in existence for more than 10 years.

The 2014 year-by-year return for Series B represents the return from November 2014 to December 2014 only.

The year-by-year returns are for the 12-month periods ended December 31 and the six-month period ended June 30, 2019.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2019

Investment Mix

	% of Net Asset Value
Corporate Bonds	38.9
Federal Bonds	40.2
Provincial/Municipal Bonds	19.1
Mortgage-Backed Securities	1.6
Cash/Other	9.2

Top 25 Holdings

	% of Net Asset Value
Canada Housing Trust No 1 1.25% 15JUN21	16.45
Canada Housing Trust No 1 1.45% 15JUN20	7.91
Canada Housing Trust No 1 2.55% 15DEC23	7.26
Province of Ontario Canada 2.2775% 21AUG23	4.92
Province of Ontario Canada 1.95% 27JAN23	3.77
Province of Ontario Canada 2.65% 05FEB25	3.68
Province of Quebec Canada 2.25% 22FEB24	3.21
Royal Bank of Canada 3.45% 29SEP26	2.73
Canada Post Corp. 4.08% 16JUL25	2.28
Canadian Government Bond 1% 01JUN27	2.00
Canadian Government Bond 1.50% 01JUN23	1.97
Province of British Columbia Canada 8% 08SEP23	1.97
The Toronto-Dominion Bank 2.982% 30SEP25	1.95
Manulife Financial Corp. 3.317% 09MAY28	1.72
Bank of Montreal 3.34% 08DEC25	1.64
The Toronto-Dominion Bank 3.589% 14SEP28	1.64
The Bank of Nova Scotia 1.90% 02DEC21	1.60
OPB Finance Trust 1.88% 24FEB22	1.42
Royal Bank of Canada 2.352% 02JUL24	1.34
Canadian Imperial Bank of Commerce 3.45% 04APR28	1.21
Canadian Imperial Bank of Commerce 2.90% 14SEP21	1.10
Bruce Power LP 2.844% 23JUN21	1.05
Sun Life Financial Inc. 3.05% 19SEP28	1.01
Shaw Communications Inc. 3.15% 19FEB21	1.00
Sun Life Capital Trust II 5.863% 31DEC08	1.00
Top 25 Holdings	75.83

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly and may be obtained by calling 1-888-771-7473, by writing to Social Housing Investment Funds, 119 Spadina Avenue, Suite 400, Toronto, Ontario M5V 2L1, or by visiting the Manager's website at www.encasa.ca or SEDAR at www.sedar.com.