

CANADIAN EQUITY FUND

ENCASA CANADIAN EQUITY FUND*June 30, 2020*

The Board of Directors of Encasa Financial Inc. approved this interim management report of fund performance on August 20, 2020.

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 financial statements at your request, and at no cost, by calling 1-888-791-6671 x 237, by writing to Encasa 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 seek long-term capital growth by investing primarily in a diversified portfolio consisting of equity securities of companies located in Canada. The Fund generally invests in growth companies that have: superior management; industry leadership; a high level of profitability compared to their competitors; a sound financial position; strong earnings growth; and a reasonable valuation. The Fund may from time to time invest a portion of its assets in non-Canadian securities where such an investment is consistent with the investment objectives of the Fund. The Fund invests primarily in securities of companies that conduct themselves in a socially responsible manner.

On June 25, 2020, the unitholders for the Fund approved a change in the investment objective to seek long-term capital growth by investing in a diversified portfolio consisting of equity securities of companies primarily located outside of Canada. This change will become effective on July 1, 2020, in addition to related changes to the Fund's strategies and name. The name of the Fund was changed to Encasa Equity Fund.

Results of Operations

The Fund's net asset was \$121 million as of June 30, 2020.

Over the past six months, the Fund's Series A units lost 5.7%. 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 information on returns.

This year began with strong tailwinds and a few positive developments: the US signed an initial trade deal with China, and a clear path toward Brexit emerged in the UK. But since then, two simultaneous black swan events—the COVID-19 pandemic and an oil price war—have derailed the global economy and shocked the markets. (A black swan event is a rare, unpredictable development that can have potentially severe consequences.)

The first of the quarter's two black swan events was the COVID-19 outbreak. By March, the virus had spread to most of the developed world at an alarming rate and caused almost all countries to implement mandatory lockdowns. As a result, central banks and governments reacted quickly in an effort to contain the pandemic while trying to keep their economies running.

The second black swan event was precipitated by the first: global energy prices tumbled as the pandemic brought travel to a halt and crushed global demand for oil, prompting a price war and a fragmenting of OPEC. Russia refused to cut its supply despite the falling prices, and Saudi Arabia slashed prices to its customers. By the end of the Q1, oil prices had plunged by 67% and briefly reached negative territory in April. In Q2, with the price war ended, oil prices

later bounced back as demand picked up and producers began decommissioning rigs and shutting wells. At the time of writing, the oil barrel traded above the \$40 USD/barrel mark.

The U.S. Federal Reserve Board (Fed), after announcing massive liquidity measures and cutting its benchmark interest rate to 0% in the first quarter, continued to inject liquidity into the markets during the second quarter. The Fed acted swiftly and with magnitude: money supply grew 33% on a year-over-year basis (versus 18% during the 2008 crisis). We also saw continued expansion of its balance sheet, which rose to USD\$7.0 trillion (versus USD\$5.4 trillion at the end of last quarter)—the highest it has ever been. In addition, the Fed announced purchases of mortgage-backed securities, high-yield bonds and corporate bonds to help prop up the markets.

The S&P 500 rose 20.54% (15.35% in CAD terms) during Q2, but overall fell 3.09% (+1.68% in CAD terms) over the six-month period, as it struggled to regain its first-quarter losses. The cyclical sectors (Consumer Discretionary, Information Technology and Materials) were the biggest winners during the uptick in sentiment in the last half of the period. The defensive sectors (Consumer Staples, Utilities, and Real Estate), which had fared better during the first quarter, lagged in Q2. For the entire period, however, only Information Technology and Consumer Discretionary managed to end in positive territory.

Similarly, in Canada, the TSX rose 16.97% over the quarter, but fell 7.47% over the six-month period. The best performing sector was Information Technology and Materials, while the Health Care, Energy and Real Estate lagged.

Recent Developments

After steep plunges in the first quarter, the markets roared back sharply in the second. Stimulus from governments and central banks reversed investor sentiment as it became apparent that help was on the way. With renewed confidence, investors began to look beyond the immediate COVID-19 issues to focus on opportunities for recovery in the second half of the year.

As the US and other economies gradually reopened over the second quarter, the equity markets enjoyed a sizable rebound. Benefitting from the new virtual environment at work and home, digital technology companies in the US have been the biggest winners, supporting a recovery that has been stronger there than elsewhere. Given the large rally that took place this quarter—and because of several other key factors that continue to cause uncertainty, such as new COVID-19 outbreaks, subsequent policy changes, and the upcoming US presidential election in November—we expect the market to hover in a range in the quarter ahead. Although our outlook for the US remains more positive than our view on other countries (including Canada, Europe, Australasia and the Far East), we have shifted our portfolios into a more neutral regional position.

In terms of sector bets, we favour Information Technology, Communications and Consumer Discretionary holdings, and have underweighted Energy, Utilities and Real Estate. Since there is still no certainty about when vaccines or treatments may become available, we believe it will take some time for economies to fully recover. As a result, we are favouring stocks that are benefitting from the pandemic environment but that also have solid fundamentals. Because of the massive underperformance of value stocks in sectors such as financials, industrials and materials we have started to selectively increase our weighting in these areas as a hedge against a potential vaccination. These shifts have given our portfolios a better balance between growth and value.

Related-Party Transactions***Portfolio Manager, Registrar and Fund Accounting Agent***

Encasa Financial Inc. is the Portfolio Manager of the Fund. Encasa has appointed Genus Capital Management Inc. as portfolio sub-adviser in respect of the Encasa Canadian Equity Fund. National Bank Financial Inc. is the registrar and fund accounting agent of the Fund. The Fees paid to Genus Capital Management Inc. and 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.

Brokers and Dealers

The Manager, through the sub-adviser, has developed criteria for selecting brokers including best execution.

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, 2020), 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, 2020	19.69	0.24	(0.11)	(0.02)	(1.22)	(1.11)	–	–	–	–	–	18.57
Dec. 31, 2019	17.57	0.48	(0.22)	0.51	1.78	2.55	–	(0.36)	(0.01)	–	(0.37)	19.69
Dec. 31, 2018	21.67	0.54	(0.25)	2.72	(4.34)	(1.33)	–	(0.14)	(2.51)	–	(2.65)	17.57
Dec. 31, 2017	19.42	0.49	(0.23)	0.78	1.74	2.78	–	(0.23)	(0.31)	–	(0.54)	21.67
Dec. 31, 2016	17.44	0.48	(0.21)	0.41	1.69	2.37	–	(0.26)	(0.13)	–	(0.39)	19.42
Dec. 31, 2015	18.27	0.50	(0.21)	0.80	(1.06)	0.03	–	(0.24)	(0.63)	–	(0.87)	17.44
Series B												
June 30, 2020	–	–	–	–	–	–	–	–	–	–	–	–
Dec. 31, 2019	8.43	0.22	(0.10)	0.20	0.82	1.14	–	–	–	–	–	–
Dec. 31, 2018	10.47	0.25	(0.13)	1.31	(2.10)	(0.67)	–	(0.03)	(1.28)	–	(1.31)	8.43
Dec. 31, 2017	9.38	0.24	(0.13)	0.38	0.88	1.37	–	(0.10)	(0.15)	–	(0.25)	10.47
Dec. 31, 2016	8.42	0.23	(0.11)	0.20	0.88	1.20	–	(0.11)	(0.06)	–	(0.17)	9.38
Dec. 31, 2015	8.84	0.24	(0.22)	0.39	(0.51)	(0.10)	–	(0.12)	(0.31)	–	(0.43)	8.42

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.

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, 2020	18.57	121,235	6,530	1.13	1.13	121.45	0.18
Dec. 31, 2019	19.69	127,724	6,486	1.12	1.12	107.29	0.17
Dec. 31, 2018	17.57	116,134	6,611	1.08	1.08	87.45	0.10
Dec. 31, 2017	21.67	128,917	5,948	1.12	1.12	17.96	0.06
Dec. 31, 2016	19.42	117,291	6,040	1.17	1.17	23.91	0.10
Dec. 31, 2015	17.44	104,351	5,984	1.17	1.17	42.55	0.13
Series B							
June 30, 2020	–	–	–	–	–	–	–
Dec. 31, 2019	–	–	–	1.02	1.20	107.29	0.17
Dec. 31, 2018	8.43	3,245	385	1.26	1.42	87.45	0.10
Dec. 31, 2017	10.47	3,074	294	1.30	1.57	17.96	0.06
Dec. 31, 2016	9.38	2,029	216	1.34	1.70	23.91	0.10
Dec. 31, 2015	8.42	1,102	131	1.30	2.46	42.55	0.13

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.

FINANCIAL HIGHLIGHTS (cont.)

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	1.00%	6%	94%
Series B	1.20%	6%	94%

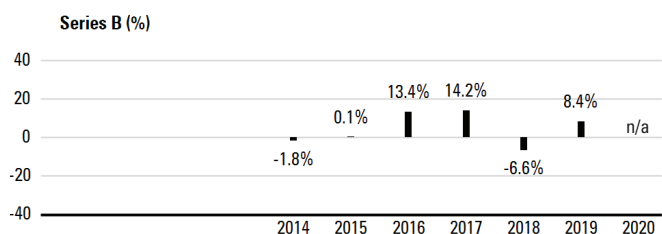
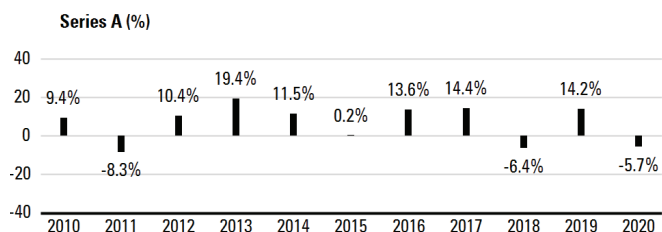
* Includes all costs related to management, portfolio management, registrar, general administration and profit.

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.



The 2019 year-by-year return, the past year annual compound return, Benchmark and index for Series B represents the period from January to November 2019 only. There have been no Series B units outstanding as of December 12, 2019 and Series B units are no longer offered for purchase since January 1, 2020.

All outstanding Series B units were redesignated as Series A units effective December 13, 2019.

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, 2020.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2020

Investment Mix

	% of Net Asset Value
Canadian Equities	61.5
United States Equities	25.3
Overseas Equities	12.3
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	5.95
Shopify Inc.	5.74
The Toronto-Dominion Bank	4.35
Bank of Montreal	3.51
Canadian Pacific Railway Ltd.	2.89
Brookfield Asset Management Inc.	2.65
Parkland Corp.	2.62
The Home Depot Inc.	2.62
The Bank of Nova Scotia	2.60
Algonquin Power & Utilities Corp.	2.58
TELUS Corp.	2.46
Cascades Inc.	2.37
Manulife Financial Corp.	2.21
Vertex Pharmaceuticals Inc.	2.12
Kirkland Lake Gold Ltd.	2.02
Fortescue Metals Group Ltd.	1.99
Vestas Wind Systems A/S	1.99
Merck & Co Inc.	1.94
NVIDIA Corp.	1.83
Canadian Tire Corp Ltd.	1.80
CI Financial Corp.	1.79
CGI Inc.	1.78
Bristol-Myers Squibb Co.	1.68
Yamana Gold Inc.	1.67
Empire Co., Ltd.	1.64
Top 25 Holdings	64.80

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 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.