

**ENCASA FUNDS**  
**ANNUAL INFORMATION FORM**

**Respecting Series A Units of**  
**Encasa Canadian Short-Term Bond Fund**  
**Encasa Canadian Bond Fund**  
**Encasa Equity Fund**  
**(formerly, Encasa Canadian Equity Fund)**

**December 16, 2020**

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

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## NAME, FORMATION AND HISTORY OF THE FUNDS

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

Encasa Canadian Short-Term Bond Fund	December 16, 2002
Encasa Canadian Bond Fund	December 16, 2002
Encasa Equity Fund (formerly, Encasa Canadian Equity Fund)	December 16, 2002

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

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

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

On September 28, 2018, the amended and restated master trust agreement dated April 1, 2010, as amended, was amended and restated to reflect the appointment of Natcan Trust Company (“Natcan”) as trustee (the “Amended and Restated Master Trust Agreement”).

On September 28, 2018, RBC GAM, as portfolio manager of the Funds, was replaced with Encasa Financial Inc. In addition, the Manager appointed Addenda Capital Inc. as portfolio sub-adviser in respect of the Social Housing Canadian Short-Term Bond Fund and the Social Housing Canadian Bond Fund and Genus Capital Management Inc. as portfolio sub-adviser in respect of the Social Housing Canadian Equity Fund.

On December 12, 2019, the name of the Funds was changed from “Social Housing Investments Funds” to “Encasa Funds” and each respective Fund name was changed from: “Social Housing Canadian Short-Term Bond Fund” to “Encasa Canadian Short-Term Bond Fund”; “Social Housing Canadian Bond Fund” to “Encasa Canadian Bond Fund”; and “Social Housing Canadian Equity Fund” to “Encasa Canadian Equity Fund”.

On July 1, 2020, “Encasa Canadian Equity Fund” was renamed “Encasa Equity Fund” and the fundamental investment objective of the Encasa Equity Fund (formerly, Encasa Canadian Equity Fund) was changed to permit investment in a broader range of equity securities, rather than a primary focus on investment in Canadian securities.

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

## INVESTMENT RESTRICTIONS

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

Unitholder approval is not required for a change of the auditors of the Funds. However, for all Funds, the auditors of the Funds may not be changed unless the independent review committee (the “IRC”) for the Funds has approved the change and a written notice describing the change of auditors is sent to unitholders at least 60 days before the effective date of the change. On June 9, 2020, the board of directors of the Manager approved a change in the auditors of the Funds from PricewaterhouseCoopers LLP (“PWC”) to KPMG LLP and on July 7, 2020 the IRC approved the

proposed change of auditors. Written notice of the change of auditors was provided to investors of the Funds on July 17, 2020 and the change was effective as of September 15, 2020.

Additional information about the members of the IRC is disclosed under the heading *Fund Governance – Independent Review Committee* on page 14.

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

The fundamental investment objective of the Fund may only be changed with the approval of a majority of the unitholders, given at a meeting called for that purpose.

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

Each Fund is authorized to issue an unlimited number of units in an unlimited number of series. Series A Units of each Fund have been created and those units are offered by the Simplified Prospectus. Series A Units are referred to in this Annual Information Form as "Units".

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

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

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

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

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

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

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

- (a) the introduction of, or a change in the basis of calculation of, a fee or expense that is charged to the Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to the Fund or to its unitholders unless, in either case, unitholders are provided with written notice of an increase in charges to the Fund at least 60 days before the increase becomes effective;
- (b) a change of the Manager (unless the new manager is an affiliate of the Manager);

- (c) a change of the fundamental investment objective of the Fund;
- (d) a decrease in the frequency of calculating the net asset value of the Fund;
- (e) where the Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, and the Fund ceases to continue after the reorganization or transfer of assets, and the transaction results in the unitholders of the Fund becoming unitholders in the other mutual fund;
- (f) where the Fund undertakes a reorganization with, or acquires assets from, another mutual fund, and the Fund continues after the reorganization or acquisition of assets, and the transaction results in the unitholders of the other mutual fund becoming unitholders of the Fund, and the transaction would be a significant change to the Fund; and
- (g) any matter required by the Amended and Restated Master Trust Agreement of the Fund.

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

### **VALUATION OF PORTFOLIO SECURITIES**

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

- (a) the value of any cash on hand, on deposit or on call, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received if declared on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be the full amount, unless the Manager or its agent determines that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full amount, in which event the value shall be deemed to be the value that the Manager or its agent determines to be a reasonable approximation of fair value;
- (b) the value of any bonds, mortgage-backed securities and debentures are valued at the closing price quoted by major dealers or independent pricing vendors in such securities;
- (c) short-term investments, including notes and money market instruments shall be valued at cost plus any interest accrued, unless the Manager or its agent determines that any such short-term investment is not worth the full amount, in which event the value shall be deemed to be the value that the Manager or its agent determines to be a reasonable approximation of fair market value;
- (d) for securities listed on the Toronto Stock Exchange, closing prices for the securities on the Toronto Stock Exchange are used. If a security trades on more than one stock exchange, the closing price of the security on the principal stock exchange is used. If the closing price of a security on a stock exchange outside Canada is used, the price is converted to Canadian dollars before calculating the value of the security. If a security does not trade on a valuation day, the Manager or its agent determines its value by calculating the average of the closing bid and ask prices. If there are no closing bid or ask prices for a security, the Manager or its agent looks at the most recent closing price or, if needed, the average of the most recent closing bid and ask prices;
- (e) for derivatives, like options, options on futures contracts and over-the-counter options, the Manager or its agent uses the current value of the derivative in determining the value of those assets;
- (f) when a Fund writes a clearing corporation option, an option on a futures contract, or an over-the-counter option, the premium that the Fund receives will be reflected as a deferred credit. This deferred credit will be valued at an amount equal to the current market value of a clearing corporation option,

option on the futures contract, or over-the-counter option that has the effect of closing the position. If there is any difference as a result of revaluation, it will be treated as an unrealized gain or loss on investment. The net asset value of the Fund will be calculated by deducting the deferred credit. The Manager or its agent will value any equity securities that are the subject of a written clearing corporation option or over-the-counter option in the same way as described above for equity securities; and

- (g) for futures contracts or forward contracts, the Manager or its agent calculates the value as the gain or loss that would result from closing the position on that valuation day. If daily limits are in effect, the Manager or its agent considers the fair value to be based on the current market value of the underlying security, index or currency.

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

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

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

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

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

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

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

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

## **CALCULATION OF NET ASSET VALUE**

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

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

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

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

The valuation day for a Fund is any day that the Toronto Stock Exchange and Canadian banks are open for business.

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

## **PURCHASES AND SWITCHES**

### **Purchases**

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

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

Your purchase order will be deemed to be received on the valuation day on which it is received by Worldsource Financial Management Inc. (the "**Distributor**"), unless it is received after 4:00 p.m. Eastern Time or on valuation days when the Toronto Stock Exchange closes early, after such earlier closing time. A "valuation day" for the purpose of purchases and switches of Units is generally any day on which the Toronto Stock Exchange is open for trading. Purchase orders received on a valuation day after the applicable cut-off time or on a day that is not a valuation day will be deemed to be received on the next valuation day on which the Distributor is open for business and the purchase price will be determined on the basis of the net asset value calculated on that day.

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

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

## **Switches**

You can exchange Units of any Fund for Units of another Encasa Fund by placing an order with the Distributor.

## **REDEMPTION OF UNITS**

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

If all documents necessary to complete your redemption request are not received within 10 business days, the Fund is deemed to have accepted an order for the purchase of the Units on the first valuation day following the 10-day period. If the purchase price exceeds the redemption price, the Distributor will pay the Fund the amount of the deficiency and then will seek to collect this amount, plus the expense of doing so, from you. If the purchase price is less than the redemption proceeds, the Fund will retain the difference.

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

Within two business days after the valuation day your redemption request is received, you will be entitled to receive the redemption proceeds if all necessary documents have been received by the Distributor. Redemption requests will be deemed to be received on the valuation date on which they are received by the Distributor, unless the redemption request is received after 4:00 p.m. Eastern time on a valuation day (or earlier on valuation days when the TSX closes early), in which case the date of the request will be deemed to be the next valuation day.

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

## **MANAGER**

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



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

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

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

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

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

<b><u>Name and Municipality of Residence</u></b>	<b><u>Office</u></b>	<b><u>Principal Occupation</u></b>
Thomas James Armstrong Vancouver, British Columbia	Director and Chair	January 2019 to present, Chief Executive Officer, CLT Community Foundation; January 2019 to present, Chief Executive Officer, CLT Development Services Society; April 2015 to present, Chief Executive Officer, Community Land Trust Foundation of British Columbia; August 2014 to present, Chief Executive Officer, Vancouver Community Housing Land Trust Foundation; January 2011 to present, President, COHO Property Management Inc.; August 2002 to September 2017, President, COHO Repair Services Inc.; November 2000 to present, Chief Executive Officer, COHO Management Services Society; August 2000 to present, Chief Executive Officer, Co-operative Housing Federation of British Columbia; August 2000 to present, Chief Executive Officer, Community Housing Land Trust Foundation
Derek Ballantyne Toronto, Ontario	Chief Executive Officer and Ultimate Designated Person	April 2018 to present, Chair, Board of Directors, Canada Mortgage and Housing Corporation; April 2018 to present, Managing Partner, New Market Funds; September 2014 to present, Chief Executive Officer, Encasa Financial Inc.; November 2012 to present, Chief Executive Officer, Community Forward Fund Assistance Corporation; March 2011 to present, President, DKGI Inc.
Janice Tuffnail Oakville, Ontario	Chief Operating Officer and Chief Compliance Officer	January 2010 to present, Chief Operating Officer and Chief Compliance Officer, Encasa Financial Inc.

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
Howie Wong Toronto, Ontario	Director	May 2013 to present, Chief Executive Officer, Housing Services Corporation; May 2013 to present, Chief Executive Officer/Director, HSC Insurance Inc.; May 2013 to March 2016, Chief Executive Officer/Director, G.L.O.B.E. Inc.; December 2013 to March 2016, Chief Executive Officer/Director, G3 Repair and Renew
Tim Ross Ottawa, Ontario	Director	June 11, 2018 to present, Executive Director, Co-operative Housing Federation of Canada; February, 2017 to July, 2018, Director of Strategic Affairs, Co-operative Housing Federation of Canada; May, 2016 to February, 2017, Manager Policy and Government Relations, Co-operative Housing Federation of Canada; September, 2009 to January, 2017, Capacity Architecture Consulting, Sole proprietor; January, 2014 to June, 2016, Executive Director, New Brunswick Non-profit Housing Association
Jill Atkey Vancouver, BC	Director and Vice-Chair	February 2018 to present, Chief Executive Officer, BC Non-Profit Housing Association; February 2018 to present, Executive Director, The Society for Affordable Housing, Education, Awareness and Development; March 2017 to present, Chief Executive Officer, 1068830 BC Ltd.; October 2017 to February 2018, Managing Director, BC Non-Profit Housing Association; June 2010 to October 2017, Director, Research and Education, BC Non-Profit Housing Association

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

## **PORTFOLIO MANAGER**

Encasa Financial Inc. acts as portfolio manager (in such capacity, the "**Portfolio Manager**") for the Funds pursuant to the Management Agreement. The Portfolio Manager is responsible for the management of the relevant investment portfolios, the establishment of the investment policies and guidelines, carrying out research, and selecting, purchasing and selling portfolio securities for the Funds. So long as the Portfolio Manager is also the Manager, it will not receive any additional amounts for acting as the portfolio manager of the Funds.

The Portfolio Manager may retain the services of other portfolio managers as sub-advisers for one or more of the Funds and notwithstanding any such appointment, the Portfolio Manager will continue to be responsible for the performance of such services. Any fees payable to a sub-adviser will be the responsibility of the Portfolio Manager and not a Fund.

Below are the names and titles of the individuals at the Portfolio Manager who perform these functions, their length of service with us and their business experience in the last 5 years if different from their current position:

<u>Name and Title</u>	<u>Length of Service</u>	<u>Business Experience in the last 5 years</u>
Audrey L. Robinson Portfolio Manager	Since June 2017	<p>From 2018 to Present: Portfolio Manager, Encasa Financial Inc.</p> <p>From 2016 to Present: President, ALR Group 2018 Inc. (formerly ALR Group)</p> <p>From 2016 to 2016: Director of Special Projects, The Bank of Nova Scotia</p> <p>From 2008 to 2016: Chief Investment Officer, WaterStreet Family Offices</p>

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

The Portfolio Manager has retained one or more sub-advisers for the Funds. Each sub-adviser is required to follow the policies and procedures set by the Portfolio Manager for the applicable Fund. The Portfolio Manager may hire or replace sub-advisers at any time. The current sub-advisers for the Funds are listed below, together with the name and title of the individuals at the sub-adviser who perform these functions, their length of service with their sub-adviser and their business experience in the last 5 years if different from their current position:

<u>Name and Title</u>	<u>Length of Service</u>	<u>Business experience in the last 5 years</u>
<b><i>Encasa Canadian Short-Term Bond Fund</i></b>		
<u>Addenda Capital Inc., Guelph, Ontario</u>		
Ian McKinnon, CFA Executive Vice President, Core Fixed Income	Since 2000	<p>From 2018 to Present: Executive Vice President, Core Fixed Income</p> <p>From 2016 to 2018: Co-CIO, Core Fixed Income and Insurance</p> <p>From 2015 to 2016; Deputy Chief Investment Officer, Core Fixed Income and Insurance</p> <p>From 2014 to 2015: SVP, Core Fixed Income &amp; Head Corporate Bonds</p>
Diane Young Senior Portfolio Manager, Fixed Income and Co-Head, Corporate Bonds	Since 1998	<p>From 2016 to Present: Senior Portfolio Manager, Fixed Income and Co-Head, Corporate Bonds</p> <p>From 2012 to 2016: Senior Portfolio Manager, Core Fixed Income</p>

<u>Name and Title</u>	<u>Length of Service</u>	<u>Business experience in the last 5 years</u>
<b><i>Encasa Canadian Bond Fund</i></b>		
<u>Addenda Capital Inc.,</u> <u>Guelph, Ontario</u>		
Ian McKinnon, CFA Executive Vice President, Core Fixed Income	Since 2000	From 2018 to Present: Executive Vice President, Core Fixed Income  From 2016 to 2018: Co-CIO, Core Fixed Income and Insurance  From 2015 to 2016; Deputy Chief Investment Officer, Core Fixed Income and Insurance  From 2014 to 2015: SVP, Core Fixed Income & Head Corporate Bonds
Diane Young Senior Portfolio Manager, Fixed Income and Co-Head, Corporate Bonds	Since 1998	From 2016 to Present: Senior Portfolio Manager, Fixed Income and Co-Head, Corporate Bonds  From 2012 to 2016: Senior Portfolio Manager, Core Fixed Income
<b><i>Encasa Equity Fund (formerly, Encasa Canadian Equity Fund)</i></b>		
<u>Genus Capital Management Inc.,</u> <u>Vancouver, British Columbia</u>		
Wayne Wachell Chief Executive Officer and Chief Investment Officer	Since 1989	From 2001 to Present: Chief Executive Officer and Chief Investment Officer
Lisa Zhang Director of Equity Investments	Since 2007	From 2013 to Present: Director of Equity Investments  From 2007 to 2013: Senior Quantitative Analyst, Team Lead
Mike Thiessen Director, Sustainable Research	Since 2017	From 2017 to Present: Manager, Sustainable Research  From 2015 to 2017: Strategic Consultant at Sciteb Ltd.

## **BROKERAGE ARRANGEMENTS**

The Portfolio Manager, or portfolio sub-adviser acting on its behalf, decides or arranges for the allocation of brokerage business from the Funds based on the quality of research received, competitive commission costs and the dealers' ability to execute trades.

Dealers who execute trades for the Funds also make arrangements with people or companies to provide investment decision-making services to the Portfolio Manager, or portfolio sub-adviser acting on its behalf. The Portfolio Manager, or portfolio sub-adviser acting on its behalf, complies with the CFA Institute Soft Dollar Standards.

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

In effecting these portfolio transactions, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, places brokerage business with numerous dealers and brokers on the basis of the best execution, which includes a number of considerations such as price, volume, speed and certainty of execution, and total transaction cost. The Portfolio Manager, or portfolio sub-adviser acting on its behalf, uses the same criteria in selecting all of its dealers and brokers, regardless of whether the dealer or broker is an affiliate of the Portfolio Manager, or portfolio sub-adviser acting on its behalf.

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

The Portfolio Manager, or portfolio sub-adviser acting on its behalf, receives research goods and services, which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research). The research goods and services that the Portfolio Manager, or portfolio sub-adviser acting on its behalf, is provided in exchange for brokerage commissions include advice, analyses and reports that focus on, among other matters, specific stocks, sectors and economies.

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

The users of these research goods and services and order execution goods and services are the Portfolio Manager, or portfolio sub-adviser acting on its behalf, portfolio managers, analysts and traders.

In certain instances, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, may receive goods and services containing some elements that qualify as research goods and services and/or order execution goods and services and other elements that do not qualify as either of such permitted goods and services. These types of goods and services are considered to be mixed-use (*mixed-use goods and services*). If the Portfolio Manager, or portfolio sub-adviser acting on its behalf, obtains mixed-use goods and services, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, only uses brokerage commissions to pay for the portion that is used in its investment or trading decisions or in effecting securities transactions, each on behalf of the Funds or client accounts. The types of mixed-use goods and services that the Portfolio Manager, or portfolio sub-adviser acting on its behalf, receives may include software applications and data analysis.

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

The Portfolio Manager, or portfolio sub-adviser acting on its behalf, may use research goods and services and order execution goods and services to benefit the Funds and other clients of the Portfolio Manager, or portfolio sub-adviser acting on its behalf, other than those whose trades generated the brokerage commission. However, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, has policies and procedures in place such that over a reasonable

period of time, all clients, including the Funds, receive fair and reasonable benefit in return for the commission generated.

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

### **PRINCIPAL DISTRIBUTOR**

Worldsource Financial Management Inc. has been appointed principal distributor of the Funds by a principal distributorship agreement dated as of July 16, 2018, as amended from time to time (the “**Principal Distributorship Agreement**”). The Principal Distributorship Agreement in respect of each Fund may be terminated upon at least 120 days’ prior written notice, or in certain circumstances by written notice by the Distributor or Manager. The address of the Distributor is 625 Cochrane Drive, Suite 700, Markham, Ontario L3R 9R9.

### **TRUSTEE**

The trustee of the Funds is Natcan Trust Company (the “**Trustee**”). Its principal office is located in Montréal, Québec. The Trustee has entered into the Amended and Restated Master Trust Agreement, which may be amended as described under the heading Description of units offered by the Funds.

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

### **CUSTODIAN**

Natcan Trust Company, Montréal, Québec, has been appointed custodian (“**Natcan**” or the “**Custodian**”) of the Funds by a Custodian Agreement dated September 28, 2018. Natcan, as Custodian, is responsible for the safekeeping of the assets of the Funds. Except as follows, the Custodian holds all cash and securities of the Funds. Sub-custodians, nominees and book-based systems may also hold property of the Funds. Where a Fund makes use of listed and over-the-counter derivatives, the Fund may deposit portfolio securities or cash as margin in respect of such transactions with a dealer or other party in accordance with the policies of Canadian securities regulatory authorities.

### **AUDITORS**

As of September 15, 2020, the auditors of the Funds are KPMG LLP of Toronto, Ontario.

### **REGISTRAR**

National Bank Financial Inc., through its National Bank Independent Network division (“**NBIN**”), has been appointed as registrar and transfer agent for the Funds. The registers of Units of the Funds are kept by NBIN at its office in Toronto, Ontario.

### **CONFLICTS OF INTEREST**

As at November 27, 2020, no person or company owns of record or, to the knowledge of the relevant Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding units of the Funds.

As at November 27, 2020, Housing Services Corporation holds 200,000 shares, representing 40% of the issued and outstanding shares of the Manager, Co-operative Housing Federation of Canada, Co-operative Housing Federation of British Columbia and BC Non-Profit Housing Association each hold 100,000 shares, together representing 60% of the issued and outstanding shares of the Manager.

## FUND GOVERNANCE

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

The Portfolio Manager, or a portfolio sub-adviser acting on its behalf, is responsible for providing investment management services to the Funds, including the exercise of voting rights attached to securities or other property held by the Funds. Proxies associated with securities held by the Funds will be voted in accordance with the guidelines which follow these principles:

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

The Portfolio Manager, or a portfolio sub-adviser acting on its behalf, will consider each matter on a case-by-case basis and may vote in a manner different from that contemplated by the general guidelines where it believes it is appropriate in the circumstances. The Portfolio Manager, or a portfolio sub-adviser acting on its behalf, utilizes the research services of Groupe Investissement Responsable Inc. (GIR) or another proxy voting advisory firm, as well as the voting services offered by such firms.

In the event that the Portfolio Manager, or a portfolio sub-adviser acting on its behalf, faces a potential material conflict of interest with respect to proxies, the Portfolio Manager’s conflict review committee (the “**Committee**”) will meet to resolve the conflict. The Committee consists of the chief executive officer, chief compliance officer and the portfolio manager of the Portfolio Manager who are required to resolve the conflict in favour of its clients. Each of the Portfolio Manager and portfolio sub-advisers acting on its behalf is responsible for ensuring that all proxies are voted in accordance with the Proxy Voting Guidelines and for identifying any situation that must be addressed by the Committee. As the Portfolio Manager has discretionary authority over its clients’ portfolios, it files applicable class action settlement claims on behalf of existing client accounts.

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

The Portfolio Manager has developed policies and procedures, controls and guidelines to help ensure that each Fund’s investments are made primarily in securities of companies that conduct themselves in a socially responsible manner and are consistent with the investment principles described in the Simplified Prospectus or as otherwise established by the Manager from time to time. As part of these policies and procedures, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, will screen each company before the applicable Fund invests in it to ensure that it complies with the investment principles established. Each investment is also reviewed on a regular basis to ensure that it remains in accordance with those investment principles. If an applicable Fund holds an investment in a company that does not meet these principles, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, may elect to sell that investment or the Fund may continue to hold that investment, in which case, the Portfolio Manager, or portfolio sub-adviser acting on its behalf, may attempt to bring about positive changes to the company’s corporate behaviour by discussing its concerns with the company’s management or board of directors, by using the voting rights associated with the Fund’s investment or by other means that are appropriate in the circumstances. In addition, the Portfolio Manager, or a portfolio sub-adviser acting on its behalf, may employ an external social and environmental screening company to assess the social and environmental performance of companies, and exercise the voting rights associated with a Fund’s investments.

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

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

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

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

### *Short-Term Trading*

The Manager has implemented policies and procedures to ensure that short-term trading does not take place within the Funds. Trades for the Funds are monitored for short-term trading. The Manager retains the right to reject a purchase of units by a unitholder who in its opinion is engaging in short-term trading.

### *Independent Review Committee*

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

Cindy Taylor was appointed to the IRC effective July 1, 2015 for a three-year term. Ms. Taylor was reappointed to the IRC for a further three-year term effective July 1, 2018, then was appointed as Chair of the IRC effective July 7, 2020.

Robert Medland was appointed to the IRC effective May 1, 2016 for a three-year term. Mr. Medland was reappointed to the IRC for a further three-year term effective May 1, 2019.

Alex Daschko was appointed to the IRC effective May 1, 2020 for a three-year term.

The term of office of Brigitte Geisler (former Chair of the IRC) expired as at May 1, 2020.

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

Each member of the IRC will receive a fee for each meeting of the IRC attended by the member and will be reimbursed for reasonable expenses incurred. These fees and expenses will be allocated among the Funds in a manner considered fair and reasonable by the Manager. For the financial year ended December 31, 2019, the following fees were paid to members of the IRC: Brigitte Geisler (former Chair) – \$4,500, Cindy Taylor – \$3,000 and Robert Medland – \$2,000. The aggregate compensation paid to IRC members and expenses relating to the operation of the IRC paid by the Funds



during the period ended December 31, 2019 were \$9,500 and \$23,378, respectively. Each Fund's share of the IRC's fees and expenses is disclosed in the relevant Fund's annual financial statements.

## INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Funds, the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") for the Funds and for holders of Series A Units of the Funds who, for the purposes of the Tax Act and at all times, are resident in Canada, hold Units as capital property, and deal at arm's length and are not affiliated with the Funds. This summary is based on certain information provided to counsel by senior officers of the Manager, the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency. Other than the Tax Proposals, this summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial or foreign income tax legislation or considerations.

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

### Taxation of the Funds

Generally, each Fund is subject to tax in each taxation year on the amount of its net income for the taxation year, including net realized taxable capital gains, if any, less the portion thereof that is paid or payable to unitholders in the year. Each Fund intends to distribute its net income for tax purposes, including its net realized capital gains, if any, for each taxation year of the Fund to unitholders and will deduct such amounts in computing its income for purposes of the Tax Act to such an extent that the Fund will not be liable in any taxation year for income tax under Part I of the Tax Act.

Tax Proposals released on July 30, 2019 propose to (a) deny a mutual fund trust a deduction for any income of the mutual fund trust designated to a unitholder on a redemption of units, where the unitholder's proceeds of disposition are reduced by the designation, and (b) deny a mutual fund trust a deduction for the portion of a capital gain of the mutual fund trust designated to a unitholder on a redemption of units that is greater than the unitholder's accrued gain on those units, where the unitholder's proceeds of disposition are reduced by the designation. If enacted, the Tax Proposals would be effective for taxation years of the Funds beginning on or after March 19, 2019. The Manager has advised that it will not allocate income or gains to redeeming unitholders in such a manner that will give rise to any income in the Funds under the new rules, if enacted.

In general, the Funds will include gains and deduct losses on income account in connection with their derivative activities used for non-hedging purposes, and will recognize such gains and losses for tax purposes at the time they are realized.

Subject to the derivative forward agreement rules in the Tax Act (the "**DFA rules**"), where a Fund uses derivatives to closely hedge gains or losses on underlying capital investments held by such Fund, the Fund intends to treat these gains or losses on capital account. The DFA rules target certain financial arrangements (described in the DFA rules as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts with terms that exceed 180 days (or that are part of a series of agreements that exceed 180 days), the return on investments that would have the character of ordinary income to capital gains. The DFA rules will generally not apply to derivatives used to closely hedge gains or losses due to currency fluctuations on underlying capital investments of a Fund. Gains and losses from derivatives transactions, other than currency hedging on underlying capital investments, that reduce tax by converting the return on investments that would have the character of ordinary income to capital gains through the use of derivative contracts will be treated by the DFA rules as on income account.

## Taxation of Unitholders

Unitholders of a Fund who are not exempt from income tax are required to include in their income for tax purposes, for a particular year, the amount of net income, including net realized taxable capital gains, if any, paid or payable to them by the Fund, whether or not such amounts are reinvested in additional Units of the Funds. The non-taxable portion of a Fund's net realized capital gains paid or payable and designated to a unitholder in a taxation year will not be included in the unitholder's income for the year.

Any other amount in excess of a unitholder's share of a Fund's net income for a taxation year paid or payable to the unitholder in the year will not generally be included in the unitholder's income, but will generally reduce the adjusted cost base of the unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the absolute value of the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the Unit and the unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero. Any losses of the Fund for purposes of the Tax Act cannot be allocated to and cannot be treated as a loss of, a unitholder.

Each Fund will designate to the extent permitted by the Tax Act the portion, if any, of the net income distributed to unitholders as may reasonably be considered to consist of, respectively, (i) "taxable dividends" received by the Fund on securities of "taxable Canadian corporations", (ii) "eligible dividends", (iii) foreign source income, and (iv) net taxable capital gains of the Fund. Amounts designated as taxable dividends will be included in computing a unitholder's income but generally will also be deductible in computing its taxable income. A "private corporation" or a "subject corporation" (as defined in the Tax Act) which is entitled to deduct such dividends in computing its taxable income will normally be subject to the refundable tax under Part IV of the Tax Act. Corporations, other than private corporations and certain financial intermediary corporations, should consult their own tax advisors as to the possible application of tax under Part IV.1 of the Tax Act on amounts designated as taxable dividends. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains as described below.

The Encasa Equity Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax that is characterized as "non-business income tax" under the Tax Act paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax (i) that is characterized as "non-business income tax" under the Tax Act paid by the Fund does not exceed 15% of such non-business income tax and has not been deducted in computing the Fund's income, or (ii) is characterized as "business income tax" under the Tax Act paid by the Fund, the Fund may designate in respect of a unitholder a portion of its foreign source income that can reasonably be considered to be part of the Fund's income distributed to such unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of computing the unitholder's foreign tax credit. Unitholders will be advised each year of the composition of amounts distributed to them and should consult their own tax advisors in this regard.

The amount of distributions reinvested in additional Units of a Fund will be included in computing the unitholder's cost of Units, which must be averaged with the adjusted cost base of other Units of that Fund then owned by the unitholder.

On the disposition or deemed disposition of a Unit of a Fund, including a redemption of Unit by a Fund and on the switching of Units from any Fund for Units of another Fund, a capital gain (or capital loss) will generally be realized by a unitholder to the extent that the proceeds of disposition of the Unit of the Fund exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition. One-half of any capital gain (a "taxable capital gain") realized by a unitholder in a taxable year must be included in the unitholder's income for that year. One-half of any capital loss (an "allowable capital loss") sustained by a unitholder in a taxation year must be deducted from taxable capital gains realized by the unitholder in that year. Allowable capital losses in excess of taxable capital gains for the year must generally be carried back up to three years or forward indefinitely and deducted against taxable capital gains in those other years, subject to and in accordance with the applicable rules in the Tax Act.

## **MATERIAL CONTRACTS**

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

- a Third Amended and Restated Master Trust Agreement dated as of September 28, 2018, as amended from time to time, between the Manager and Natcan;
- a Third Amended and Restated Management Agreement dated September 28, 2018, as amended from time to time, between the Manager and each Fund;
- a Principal Distributorship Agreement dated July 16, 2018, as amended from time to time, between the Manager and the Distributor; and
- a Custodial Services Agreement dated as of September 28, 2018, as amended from time to time, between the Manager, and Natcan.

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

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

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

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

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

Dated: December 16, 2020

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario and do not contain any misrepresentations.

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

(signed)	<u>“Derek Ballantyne”</u> Derek Ballantyne Chief Executive Officer	(signed)	<u>“Janice Tuffnail”</u> Janice Tuffnail Chief Operating Officer, Chief Compliance Officer and signing in the capacity of Chief Financial Officer
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On behalf of the Board of Directors of Encasa Financial Inc., as manager of the Funds, to whom signing authority to sign on behalf of the Funds has been authorized by the Amended and Restated Master Trust Agreement and Management Agreement relating to the Funds.

(signed)	<u>“Thomas James Armstrong”</u> Thomas James Armstrong Director	(signed)	<u>“Howie Wong”</u> Howie Wong Director
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**CERTIFICATE OF PRINCIPAL DISTRIBUTOR**  
**Encasa Canadian Short-Term Bond Fund**  
**Encasa Canadian Bond Fund**  
**Encasa Equity Fund**  
**(formerly, Encasa Canadian Equity Fund)**  
**(the “Funds”)**

Dated: December 16, 2020

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario and do not contain any misrepresentations.

Worldsource Financial Management Inc.  
in its capacity as principal distributor of the Funds

(signed) “Anthony Messina”  
Anthony Messina  
President and Chief Executive  
Officer

## **ENCASA FUNDS**

**Encasa Canadian Short-Term Bond Fund**  
**Encasa Canadian Bond Fund**  
**Encasa Equity Fund**  
**(formerly, Encasa Canadian Equity Fund)**

Additional information about the Funds is available in the Funds' Fund Facts, management reports of fund performance and financial statements. You can get a copy of these documents, at no cost, by contacting the Manager at **1-888-791-6671**, or by e-mail at [\*\*information@encasa.ca\*\*](mailto:information@encasa.ca) or on the Manager's website at [\*\*www.encasa.ca\*\*](http://www.encasa.ca).

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