

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

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



Thom Armstrong
Chair, Board of Directors
Encasa Financial Inc.



Derek Ballantyne
CEO
Encasa Financial Inc.

March 24, 2021

To the Unitholders and Trustee of:

Encasa Canadian Short-Term Bond Fund

Encasa Canadian Bond Fund

Encasa Equity Fund (formerly, Encasa Canadian Equity Fund)

(individually, a "Fund")

Opinion

We have audited the financial statements of each Fund, which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements of each Fund present fairly, in all material respects, the financial position of each Fund as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Information

The financial statements of each Fund for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 27, 2020.

Other Information

Management is responsible for the other information of each Fund. Other information comprises the information included in the Management Report of Fund Performance of each Fund filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management Report of Fund Performance of each Fund filed with the relevant Canadian Securities Commissions as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing each Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on each Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 24, 2021

SCHEDULE OF INVESTMENT PORTFOLIO
ENCASA CANADIAN BOND FUND

December 31, 2020

Number of shares/units	Investments owned		Average cost		Fair value	% of net asset value
CANADIAN CORPORATE BONDS						
140,000	407 International Inc. 1.80% 22MAY25	\$	139,954	\$	146,169	0.09
320,000	407 International Inc. 3.35% 16MAY24		341,891		346,586	0.21
325,000	407 International Inc. 3.43% 01JUN33		358,247		375,648	0.22
70,865	Access Justice Durham Ltd. 5.015% 31AUG39		77,915		90,218	0.05
209,387	Aeroports de Montreal 6.95% 16APR32		284,521		275,599	0.16
603,903	Alberta Powerline LP 4.065% 01MAR54		632,257		735,765	0.44
700,000	Algonquin Power Co. 4.60% 29JAN29		720,440		833,714	0.50
710,000	AltaGas Canada Inc. 3.15% 06APR26		709,957		777,102	0.46
410,000	AltaGas Canada Inc. 4.26% 05DEC28		413,978		487,863	0.29
310,000	AltaGas Ltd. 2.075% 30MAY28		310,000		314,554	0.19
705,000	AltaGas Ltd. 2.157% 10JUN25		709,609		733,207	0.44
640,000	AltaLink LP 3.668% 06NOV23		692,237		697,766	0.42
400,000	AltaLink LP 3.99% 30JUN42		489,392		499,208	0.30
950,000	Atco Ltd. 5.50% 01NOV78		972,856		1,088,016	0.65
420,000	Bank of Montreal 2.37% 03FEB25		419,996		444,539	0.27
1,500,000	Bank of Montreal 2.85% 06MAR24		1,547,669		1,598,025	0.95
450,000	Bell Canada 3.55% 02MAR26		498,906		499,820	0.30
140,000	Bell Canada Inc. 1.65% 16AUG27		139,990		141,992	0.08
295,000	Bell Canada Inc. 3.60% 29SEP27		328,866		333,958	0.20
94,778	Bow Centre Street LP 3.693% 14JUN22		94,882		95,438	0.06
700,000	Brookfield Asset Management Inc. 3.80% 16MAR27		749,000		787,829	0.47
350,000	Brookfield Renewable Partners ULC 3.38% 15JAN30		349,920		394,898	0.24
800,000	Brookfield Renewable Partners ULC 3.63% 15JAN27		776,048		899,952	0.54
500,000	Brookfield Renewable Partners ULC 4.25% 15JAN29		584,665		593,485	0.35
625,000	Bruce Power LP 4% 21JUN30		657,075		724,200	0.43
500,000	Bruce Power LP 4.132% 21JUN33		491,677		589,055	0.35
1,000,000	Canadian Imperial Bank of Commerce 2% 17APR25		1,034,100		1,044,310	0.62
585,000	Canadian Imperial Bank of Commerce 2.01% 21JUL30		584,778		602,047	0.36
560,000	Canadian Imperial Bank of Commerce 2.35% 28AUG24		560,000		589,971	0.35
445,000	Canadian Imperial Bank of Commerce 2.95% 19JUN29		444,978		473,044	0.28
750,000	CCL Industries Inc. 3.864% 13APR28		739,658		846,885	0.51
370,000	Central 1 Credit Union 2.584% 06DEC23		370,000		387,823	0.23
885,000	CI Financial Corp. 3.759% 26MAY25		906,794		949,083	0.57
1,001,561	Cordelio Amalco GP I 4.087% 30JUN34		1,001,561		1,127,878	0.67
975,000	CT Real Estate Investment Trust 3.865% 07DEC27		1,028,118		1,100,775	0.66
68,645	Dufferin Wind Power Inc. 4.317% 30NOV33		68,653		77,108	0.05
615,000	Energir Inc. 2.10% 16APR27		626,421		653,370	0.39
1,700,000	Fair Hydro Trust 3.357% 15MAY33		1,807,940		1,983,016	1.18
675,000	Fair Hydro Trust 3.52% 15MAY38		762,107		814,010	0.49
410,000	Federation des Caisses Desjardins du Quebec 2.417% 04OCT24		410,000		433,374	0.26
280,000	Federation des Caisses Desjardins du Quebec 2.856% 26MAY30		280,000		298,343	0.18
381,843	Fifth Avenue LP 4.71% 05AUG21		389,010		388,170	0.23
335,000	First Capital Real Estate Investment Trust 3.447% 01MAR28		335,000		353,361	0.21
815,000	First Capital Realty Inc. 3.456% 22JAN27		817,475		864,788	0.52
205,000	FortisBC Energy Inc. 2.54% 13JUL50		202,702		206,810	0.12
460,000	Genworth MI Canada Inc. 2.955% 01MAR27		459,995		476,703	0.28
250,000	Genworth MI Canada Inc. 4.242% 01APR24		258,443		269,510	0.16
1,355,852	Grand Renewable Solar LP 3.926% 31JAN35		1,324,548		1,506,894	0.90
190,000	Granite REIT Holdings LP 2.378% 18DEC30		190,000		193,133	0.12
285,000	Granite REIT Holdings LP 3.062% 04JUN27		285,000		309,898	0.18
471,134	H2O Power LP 3.31% 30NOV29		471,134		512,467	0.31

December 31, 2020

Number of shares/units	Investments owned		Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS (cont.)					
435,000	HCN Canadian Holdings-1 LP 2.95% 15JAN27	\$	434,526	\$ 458,786	0.27
238,809	Health Montreal Collective LP 6.721% 30SEP49		321,220	351,978	0.21
750,000	Heathrow Funding Ltd. 3.782% 04SEP30		734,093	806,745	0.48
370,000	Honda Canada Finance Inc. 1.337% 17MAR26		371,469	373,386	0.22
330,000	Husky Energy Inc. 3.50% 07FEB28		329,977	346,061	0.21
815,000	Hydro One Inc. 1.69% 16JAN31		820,941	826,932	0.49
450,000	Hydro One Inc. 2.77% 24FEB26		481,428	490,581	0.29
200,000	Hydro One Inc. 3.63% 25JUN49		239,258	244,946	0.15
610,000	iA Financial Corp Inc. 3.072% 24SEP31		610,000	661,887	0.39
385,000	IGM Financial Inc. 4.206% 21MAR50		385,000	465,403	0.28
300,000	Inter Pipeline Ltd. 3.484% 16DEC26		296,763	322,773	0.19
350,000	Ivanhoe Cambridge II Inc. 2.296% 12DEC24		350,000	369,453	0.22
500,000	John Deere Financial Inc. 1.34% 08SEP27		499,900	505,025	0.30
510,000	Keyera Corp. 3.959% 29MAY30		553,793	567,482	0.34
161,446	Kingston Solar LP 3.571% 31JUL35		161,446	177,035	0.11
270,000	Lower Mattagami Energy LP 3.416% 20JUN24		285,071	295,755	0.18
330,000	Lower Mattagami Energy LP 4.944% 21SEP43		401,087	472,603	0.28
805,000	Manulife Financial Corp. 2.237% 12MAY30		805,000	840,026	0.50
300,000	Manulife Financial Corp. 2.818% 13MAY35		321,243	319,800	0.19
2,475,000	Manulife Financial Corp. 3.317% 09MAY28		2,464,028	2,616,743	1.56
326,970	Melancthon Wolfe Wind LP 3.834% 31DEC28		339,287	353,831	0.21
280,000	Metro Inc. 5.03% 01DEC44		351,806	368,346	0.22
255,000	National Bank of Canada 2.545% 12JUL24		255,000	270,438	0.16
200,245	North Battleford Power LP 4.958% 31DEC32		221,689	240,506	0.14
56,975	Northland Power Solar Finance One LP 4.397% 30JUN32		56,983	64,820	0.04
1,000,000	Northwestern Hydro Acquisition Co III LP 3.94% 31DEC38		1,011,799	1,180,130	0.70
499,123	Nouvelle Autoroute 30 Financement Inc. 4.115% 30JUN42		516,113	599,003	0.36
175,000	Ontario Power Generation Inc. 4.248% 18JAN49		218,209	226,706	0.14
130,000	PSS Generating Station LP 4.795% 24OCT67		130,000	172,045	0.10
285,000	Reliance LP 2.68% 01DEC27		284,949	299,595	0.18
775,000	Reliance LP 3.75% 15MAR26		791,531	849,974	0.51
300,000	RioCan Real Estate Investment Trust 1.974% 15JUN26		300,000	301,221	0.18
365,000	Rogers Communications Inc. 3.25% 01MAY29		367,072	406,654	0.24
345,000	Rogers Communications Inc. 3.65% 31MAR27		343,313	389,281	0.23
105,000	Rogers Communications Inc. 6.68% 04NOV39		134,159	156,725	0.09
1,365,000	Royal Bank of Canada 2.088% 30JUN30		1,382,473	1,415,041	0.84
410,000	Royal Bank of Canada 2.352% 02JUL24		430,455	431,992	0.26
1,785,000	Royal Bank of Canada 2.609% 01NOV24		1,797,250	1,902,542	1.13
1,135,000	Royal Bank of Canada 2.74% 25JUL29		1,137,144	1,202,010	0.72
500,000	Royal Bank of Canada 3.31% 20JAN26		501,925	500,640	0.30
495,000	Saputo Inc. 1.415% 19JUN26		495,000	498,119	0.30
490,000	Saputo Inc. 2.242% 16JUN27		490,000	512,824	0.31
141,787	SEC LP and Arci Ltd. 5.188% 29AUG33		141,786	154,271	0.09
770,000	Shaw Communications Inc. 2.90% 09DEC30		789,419	821,005	0.49
340,000	Sienna Senior Living Inc. 3.109% 04NOV24		340,000	349,381	0.21
205,000	SmartCentres Real Estate Investment Trust 3.526% 20DEC29		205,000	222,931	0.13
700,000	Stantec Inc. 2.048% 08OCT27		700,676	708,540	0.42
350,000	Sun Life Financial Inc. 2.38% 13AUG29		337,907	367,654	0.22
405,000	Sun Life Financial Inc. 2.58% 10MAY32		404,846	434,282	0.26
525,000	The Bank of Nova Scotia 2.16% 03FEB25		524,827	551,560	0.33
1,875,000	The Bank of Nova Scotia 2.49% 23SEP24		1,891,090	1,987,875	1.19
555,000	The Independent Order Of Foresters 2.885% 15OCT35		557,129	579,237	0.35
315,000	The Toronto-Dominion Bank 1.128% 09DEC25		315,000	316,717	0.19
720,000	The Toronto-Dominion Bank 2.496% 02DEC24		720,000	765,922	0.46
3,250,000	The Toronto-Dominion Bank 2.621% 22DEC21		3,325,370	3,322,833	1.98
2,000,000	The Toronto-Dominion Bank 3.105% 22APR30		2,062,873	2,161,240	1.29

December 31, 2020

Number of shares/units	Investments owned		Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS (cont.)					
310,000	Thomson Reuters Corp. 2.239% 14MAY25	\$	310,000	\$ 324,644	0.19
245,000	Toyota Credit Canada Inc. 2.11% 26FEB25		244,919	257,510	0.15
285,000	Toyota Credit Canada Inc. 2.31% 23OCT24		284,915	300,692	0.18
500,000	Union Gas Ltd. 2.76% 02JUN21		507,415	503,880	0.30
140,000	Union Gas Ltd. 2.81% 01JUN26		148,827	153,076	0.09
325,000	Vancouver Airport Authority 1.76% 20SEP30		325,000	332,673	0.20
465,000	Vancouver Airport Fuel Facilities Corp. 2.168% 23JUN25		465,000	469,469	0.28
1,025,000	Ventas Canada Finance Ltd. 2.80% 12APR24		1,032,485	1,077,603	0.64
100,493	Winnipeg Airport Authority Inc. 6.102% 20NOV40		100,492	131,419	0.08
310,000	WTH Car Rental ULC 2.781% 20JUL24		310,000	310,000	0.18
			67,317,739	71,427,634	42.61
CANADIAN FEDERAL BONDS					
6,350,000	Canada Housing Trust No 1 1.75% 15JUN22		6,490,848	6,490,526	3.87
3,750,000	Canada Housing Trust No 1 1.95% 15DEC25		4,001,449	3,993,263	2.38
1,200,000	Canada Post Corp. 4.36% 16JUL40		1,715,075	1,705,248	1.02
1,250,000	Canadian Government Bond 0.50% 01DEC30		1,208,888	1,223,188	0.73
9,100,000	Canadian Government Bond 2% 01DEC51		11,041,956	10,950,121	6.53
43,467	CBC Monetization Trust 4.688% 15MAY27		43,466	48,683	0.03
1,000,000	Export Development Canada 1.65% 31JUL24		998,850	1,043,050	0.62
2,750,000	International Bank for Reconstruction & Development 1.80% 26JUL24		2,780,827	2,878,480	1.72
1,000,000	International Bank for Reconstruction & Development 1.95% 20SEP29		998,550	1,075,280	0.64
1,000,000	PSP Capital Inc. 0.90% 15JUN26		999,040	1,004,940	0.60
299,629	Royal Office Finance LP 5.209% 12NOV32		379,306	392,789	0.23
			30,658,255	30,805,568	18.37
CANADIAN PROVINCIAL/MUNICIPAL BONDS					
1,250,000	City of Ottawa Ontario 3.25% 10NOV47		1,243,445	1,496,600	0.89
750,000	City of Toronto Canada 1.60% 02DEC30		749,850	764,535	0.46
2,175,000	Financement-Quebec 5.25% 01JUN34		2,727,714	3,096,526	1.85
5,550,000	Hydro-Quebec 6% 15FEB40		8,733,217	9,175,704	5.47
1,000,000	Newfoundland & Labrador Hydro 3.60% 01DEC45		1,094,153	1,218,040	0.73
72,338	Ontario School Boards Financing Corp. 5.376% 25JUN32		82,456	89,634	0.05
1,626,090	Ontario School Boards Financing Corp. 5.80% 07NOV28		1,813,220	1,946,137	1.16
95,552	Ontario School Boards Financing Corp. 5.90% 11OCT27		108,180	112,605	0.07
2,000,000	OPB Finance Trust 1.88% 24FEB22		1,946,714	2,035,800	1.21
725,000	OPB Finance Trust 2.98% 25JAN27		712,727	804,982	0.48
2,550,000	Province of Manitoba Canada 2.85% 05SEP46		2,821,655	2,876,094	1.72
875,000	Province of Manitoba Canada 4.60% 05MAR38		1,207,759	1,211,114	0.72
9,350,000	Province of Ontario Canada 1.35% 02DEC30		9,279,749	9,361,127	5.58
775,000	Province of Ontario Canada 2.90% 02JUN49		900,364	922,692	0.55
1,525,000	Province of Ontario Canada 3.50% 02JUN43		1,953,571	1,944,406	1.16
1,100,000	Province of Ontario Canada 4.60% 02JUN39		1,574,154	1,569,359	0.94
5,000,000	Province of Ontario Canada 6.20% 02JUN31		7,241,169	7,342,200	4.38
2,500,000	Province of Quebec Canada 1.85% 13FEB27		2,637,150	2,655,100	1.58
2,600,000	South Coast British Columbia Transportation Authority 3.25% 23NOV28		2,596,438	3,012,594	1.80
1,250,000	TCHC Issuer Trust 4.877% 11MAY37		1,598,125	1,717,413	1.02
1,000,000	The 55 Ontario School Board Trust 5.90% 02JUN33		1,482,080	1,450,860	0.87
1,500,000	The Hospital for Sick Children 3.416% 07DEC57		1,430,882	1,837,410	1.10
500,000	The Hospital for Sick Children 5.217% 16DEC49		762,975	781,855	0.47
750,000	The University of British Columbia 6.65% 01DEC31		1,006,780	1,096,928	0.65
500,000	University of Ottawa 2.635% 13FEB60		500,000	514,515	0.31
1,000,000	University of Toronto 5.841% 15DEC43		1,342,140	1,586,290	0.95
1,325,000	York University 5.841% 04MAY44		2,007,139	2,095,276	1.25
			59,553,806	62,715,796	37.42

December 31, 2020

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN MORTGAGE-BACKED SECURITIES				
758,313	MCAP RMBS Issuer Corp Mortgage Pass-Through Certificates Series 2018-1 2.40% 15OCT22	\$ 758,457	\$ 758,454	0.45
455,088	MCAP RMBS Issuer Corp Mortgage Pass-Through Certificates Series 2018-2 2.75% 15MAY23	448,034	448,031	0.27
		1,206,491	1,206,485	0.72
TOTAL INVESTMENTS OWNED		158,736,291	166,155,483	99.12
NET INVESTMENTS OWNED		\$ 158,736,291	166,155,483	99.12
OTHER ASSETS, NET			1,478,686	0.88
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 167,634,169	100.00

Statements of Financial Position

(see note 2 in the generic notes)	December 31 2020	December 31 2019
ASSETS		
Investments at fair value (Cost: \$158,736,291; 2019: \$148,405,822)	\$ 166,155,483	\$ 150,696,879
Cash	929,490	905,572
Due from investment dealers	900,828	—
Subscriptions receivable	5,460	36,184
Dividends receivable, interest accrued and other assets	821,449	977,045
TOTAL ASSETS	168,812,710	152,615,680
LIABILITIES		
Due to investment dealers	1,022,090	325,428
Accounts payable and accrued expenses	156,451	144,834
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	1,178,541	470,262
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 167,634,169	\$ 152,145,418
NUMBER OF REDEEMABLE UNITS OUTSTANDING		
SERIES A	14,809,041	14,090,952
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
SERIES A	\$ 11.32	\$ 10.80

Statements of Comprehensive Income

For the periods ended December 31 (see note 2 in the generic notes)	2020	2019
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 4,473,895	\$ 4,551,382
Net realized gain (loss) on investments	5,097,947	5,320,640
Change in unrealized gain (loss) on investments	5,128,131	1,346,900
Other income	310	2,443
TOTAL INCOME (LOSS)	14,700,283	11,221,365
EXPENSES		
Management fees	1,252,401	1,185,932
GST/HST	168,706	153,031
Audit fees	25,393	22,613
IRC fees	15,692	9,586
Legal fees	16,030	10,495
Filing fees	8,100	8,180
Expenses reimbursed by Manager	—	(6,358)
TOTAL EXPENSES	1,486,322	1,383,479
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 13,213,961	\$ 9,837,886
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES		
SERIES A	\$ 13,213,961	\$ 9,629,418
SERIES B	—	208,468
	\$ 13,213,961	\$ 9,837,886
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
SERIES A	\$ 0.92	\$ 0.69
SERIES B	\$ —	\$ 0.59

Statements of Cash Flow

 For the periods ended December 31
 (see note 2 in the generic notes)

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Increase (decrease) in net assets		
attributable to holders of redeemable units	\$ 13,213,961	\$ 9,837,886
Adjustments for non-cash items		
Net realized loss (gain) on investments	(5,097,947)	(5,320,640)
Change in unrealized loss (gain) on investments	(5,128,130)	(1,346,900)
Change in non-cash balances		
(Increase) decrease in accrued receivables	155,596	(21,691)
Increase (decrease) in accrued payables	11,617	11,727
Proceeds from sale of investments	262,156,949	357,212,633
Purchase of investments	(267,593,642)	(351,858,557)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	(2,281,596)	8,514,458
FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	9,943,846	7,720,833
Cash paid on redemption of redeemable units	(7,638,332)	(15,613,091)
CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	2,305,514	(7,892,258)
Increase (decrease) in cash during the period	23,918	622,200
Cash, beginning of period	905,572	283,372
CASH, END OF PERIOD	\$ 929,490	\$ 905,572
SUPPLEMENTAL INFORMATION*		
Interest received	\$ 4,629,490	\$ 4,529,691

* Included as a part of cash flows from operating activities.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the periods ended December 31 (see note 2 in the generic notes)	Series A		Series B		Total	
	2020	2019	2020	2019	2020	2019
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, BEGINNING OF PERIOD	\$ 152,145,418	\$ 146,974,341	\$ –	\$ 3,226,275	\$ 152,145,418	\$ 150,200,616
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	13,213,961	9,629,418	–	208,468	13,213,961	9,837,886
Proceeds from redeemable units issued*	9,913,122	10,989,750	–	391,979	9,913,122	11,381,729
Reinvestment of distributions to unitholders†	5,779,439	3,236,233	–	171,437	5,779,439	3,407,670
Redemption of redeemable units	(7,638,332)	(15,448,091)	–	(3,826,722)	(7,638,332)	(19,274,813)
DISTRIBUTIONS TO UNITHOLDERS	(5,779,439)	(3,236,233)	–	(171,437)	(5,779,439)	(3,407,670)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, END OF PERIOD	\$ 167,634,169	\$ 152,145,418	\$ –	\$ –	\$ 167,634,169	\$ 152,145,418

* Total proceeds from redeemable units relating to switch-in and redemptions of redeemable units relating to switch-out for the period ended December 31, 2020 were \$nil (December 31, 2019 - \$3,661,722) and \$nil (December 31, 2019 - \$(3,661,722)), respectively.

† For the year ended December 31, 2020, the total distributions from the Fund from net income were \$2,905,616 (December 31, 2019 – \$3,308,610), the total distributions from the Fund from capital gains were \$2,873,823 (December 31, 2019 – \$nil) and the total distributions from the Fund from return of capital were \$nil (December 31, 2019 – \$99,060).

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General Information

(see note 1 in the generic notes)

The investment objective of the Fund is to generate a relatively high level of total investment return by investing primarily in bonds of Canadian governments and companies. The Fund invests primarily in securities of companies that conduct themselves in a socially responsible manner.

All outstanding Series B units were redesignated as Series A units effective December 13, 2019 and as such there are no Series B units currently outstanding.

Financial Instrument Risk and Capital Management

(see note 5 in the generic notes)

The following tables present the Fund's direct risks.

Credit Risk (%)

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

Rating	December 31 2020	December 31 2019
AAA	19.4	32.7
AA	34.3	21.9
A	28.5	28.8
BBB	17.8	16.6
Total	100.0	100.0

Concentration Risk (%)

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

Investment mix	December 31 2020	December 31 2019
Corporate Bonds	42.6	49.1
Provincial/Municipal Bonds	37.4	17.7
Federal Bonds	18.4	32.2
Mortgage-Backed Securities	0.7	–
Cash/Other	0.9	1.0
Total	100.0	100.0

Interest Rate Risk (%)

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

Term to maturity	December 31 2020	December 31 2019
Less than 1 year	3.0	1.2
1 – 5 years	21.2	27.0
5 – 10 years	32.5	33.6
> 10 years	43.3	38.2
Total	100.0	100.0

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

As at December 31, 2020, had prevailing interest rates risen or lowered by 1%, with all other factors kept constant, the Fund's net asset value may have decreased or increased, respectively, by approximately 8.9% (December 31, 2019 – 8.4%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Fair Value Hierarchy (\$)

(see note 3 in the generic notes)

The following is a summary of the inputs used as of December 31, 2020 and 2019.

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Corporate Bonds	–	71,427,634	–	71,427,634
Federal Bonds	–	30,805,568	–	30,805,568
Provincial/Municipal Bonds	–	62,715,796	–	62,715,796
Mortgage-Backed Securities	–	1,206,485	–	1,206,485
	–	166,155,483	–	166,155,483

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Corporate Bonds	–	74,647,491	–	74,647,491
Federal Bonds	–	48,635,619	–	48,635,619
Treasury Bill	–	377,631	–	377,631
Provincial/Municipal Bonds	–	27,036,138	–	27,036,138
	–	150,696,879	–	150,696,879

For the periods ended December 31, 2020 and 2019, there were no transfers of financial instruments between Level 1, Level 2 and Level 3.

Management Fees

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

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

Series A	0.85%
Series B	1.00%

The Manager may, in its discretion, charge a lower annual fee than indicated in the Fund's prospectus.

As at December 31, 2020, management fees of \$122,228 (December 31, 2019 - \$113,120) were payable to the Manager of the Fund.

December 31, 2020

Investments by Related Parties
(\$ except unit amounts)

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

	December 31 2020	December 31 2019
Units held		
Series A	25,285	24,406
Value of all units	286,213	263,519

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

The net non-capital and capital losses as at December 31, 2020 for the Fund were approximately:

Capital losses	15,140
Non-capital losses	—

Redeemable Units

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

For the periods ended December 31
(see note 2 in the generic notes)

	2020	2019
Series A		
Redeemable units, beginning of period	14,090,952	14,204,600
Redeemable units issued	878,314	1,016,031
Redemption of redeemable units	(674,102)	(1,428,094)
Reinvestments of units	513,877	298,415
Redeemable units, end of period	14,809,041	14,090,952
Series B		
Redeemable units, beginning of period	—	342,813
Redeemable units issued	—	40,938
Redemption of redeemable units	—	(402,167)
Reinvestments of units	—	18,416
Redeemable units, end of period	—	—

December 31, 2020

1. The Funds

The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario and governed by a Master Trust Agreement. Encasa Financial Inc. (the “Manager”) is the Manager of the Funds and its head office is located at 119 Spadina Avenue, Suite 400, Toronto, Ontario. These financial statements were approved for issuance by the Board of Directors of Encasa Financial Inc. on March 24, 2021.

The Funds may issue an unlimited number of units in some or all of Series A and Series B. All outstanding Series B units were redesignated as Series A units effective December 13, 2019.

Units of a Fund may be purchased by registered charities, non-profit and co-operative organizations, or any person or category of person that may be accepted from time to time by the Manager at its sole discretion. In order to purchase units of a Fund, you may be required to sign a subscription agreement or other documents.

2. Financial Period

The information provided in these financial statements and notes thereto is as for the years ended December 31, 2020 and 2019, or as at December 31, 2020 and 2019, as applicable.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The significant accounting policies of the Funds, which are investment entities, are as follows:

Classification and Measurement of Financial Assets, Liabilities and Derivatives

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

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

The Fund’s redeemable units do not meet the criteria in International Accounting Standard 32, Financial Instruments – Presentation, for classification as equity due to a requirement to distribute income and therefore have been classified as financial liabilities.

Determination of Fair Value

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm’s-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a three-tier hierarchy based on inputs is used to value the Funds’ financial instruments. The hierarchy of inputs is summarized below:

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

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

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

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

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

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

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

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

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

Forward Contracts – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any unrealized gain or loss at the close of business on each valuation date is recorded as “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income. The receivable/payable on forward contracts is recorded separately in the Statements of Financial Position. Realized gain (loss) on foreign exchange contracts is included in “Net gain (loss) on foreign currencies and other net assets” in the Statements of Comprehensive Income.

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

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

Cash

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Funds may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Foreign Exchange

The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars at the noon rate of exchange on each valuation date. Gains/losses on foreign cash balances are included in “Net gain (loss) on foreign currencies and other net assets” in the Statements of Comprehensive Income. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains/losses on spot and forward currency contracts are included in “Change in unrealized gain (loss) on investments” in the Statements of Comprehensive Income.

Functional Currency

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

Valuation of Series

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

Investment Transactions

Investment transactions are accounted for as of the trade date. Transaction costs, such as brokerage commissions, incurred by the Funds are recorded in the Statements of Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value

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and average cost for the period. The basis of determining the cost of portfolio assets, and realized and unrealized gains and losses on investments, is average cost which does not include amortization of premiums or discounts on fixed income and debt securities with the exception of zero coupon bonds.

Withholding Tax Expense Policy

The Funds generally incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Income Recognition

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

Expenses

Each series of units of a Fund is responsible for certain operating expenses, exclusive of the services included in the management fee, that relate specifically to that series and for its proportionate share of the operating expenses that are common to all series. These expenses include audit, taxes, legal and filing fees, mortgage service fees and transaction costs, as applicable, and fees and expenses payable in connection with the Independent Review Committee (“IRC”).

Increase (Decrease) in NAV Per Unit

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

4. Critical Accounting Judgments and Estimates

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

Fair Value Measurement of Securities Not Quoted in an Active Market

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

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

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgments and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Funds in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Funds’ performance is uncertain and not predictable at this time, there is a higher level of uncertainty with respect to management’s judgments and estimates.

5. Financial Instrument Risk and Capital Management

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

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

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund's direct risks.

Liquidity Risk

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

Credit Risk

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

Concentration Risk

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

Interest Rate Risk

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

Currency Risk

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

Other Price Risk

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

6. Taxes

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

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

7. Administrative**Portfolio Manager, Registrar and Fund Accounting Agent**

Encasa Financial Inc. is the Portfolio Manager of the Funds. Encasa has appointed Addenda Capital Inc. as portfolio sub-adviser in respect of the Encasa Canadian Short-Term Bond Fund and the Encasa Canadian Bond Fund and Genus Capital Management Inc. as portfolio sub-adviser in respect of the Encasa Equity Fund (formerly, Encasa Canadian

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Equity Fund). National Bank Financial Inc. is the registrar and fund accounting agent of the Funds. The Fees paid to Addenda Capital Inc., Genus Capital Management Inc. and National Bank Financial Inc. are paid by the Manager and not the Funds.

Distributor

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

Trustee and Custodian

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

Brokers and Dealers

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