

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.

August 23, 2021

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited)
ENCASA CANADIAN BOND FUND

June 30, 2021

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS				
69,708	Access Justice Durham Ltd. 5.015% 31AUG39	\$ 76,643	\$ 83,828	0.05
330,000	Aeroports de Montreal 3.441% 26APR51	330,000	350,948	0.22
204,581	Aeroports de Montreal 6.95% 16APR32	277,991	259,104	0.16
603,377	Alberta Powerline LP 4.065% 01MAR54	631,706	674,032	0.43
585,000	Algonquin Power Co. 2.85% 15JUL31	584,953	594,670	0.38
700,000	Algonquin Power Co. 4.60% 29JAN29	720,440	809,291	0.51
710,000	AltaGas Canada Inc. 3.15% 06APR26	709,957	753,424	0.48
310,000	AltaGas Ltd. 2.075% 30MAY28	310,000	303,459	0.19
340,000	AltaLink LP 3.668% 06NOV23	367,751	361,801	0.23
400,000	AltaLink LP 3.99% 30JUN42	489,392	455,692	0.29
500,000	ARC Resources Ltd. 3.465% 10MAR31	500,000	511,665	0.32
950,000	Atco Ltd. 5.50% 01NOV78	972,856	1,055,232	0.67
420,000	Bank of Montreal 1.758% 10MAR26	424,124	423,158	0.27
1,000,000	Bank of Montreal 2.85% 06MAR24	1,031,779	1,045,210	0.66
300,000	Bell Canada 2.20% 29MAY28	299,631	299,952	0.19
630,000	Bell Canada 4.05% 17MAR51	626,284	652,573	0.41
93,315	Bow Centre Street LP 3.693% 14JUN22	93,418	94,454	0.06
700,000	Brookfield Asset Management Inc. 3.80% 16MAR27	749,000	764,505	0.48
350,000	Brookfield Renewable Partners ULC 3.38% 15JAN30	349,920	377,339	0.24
800,000	Brookfield Renewable Partners ULC 3.63% 15JAN27	776,048	869,984	0.55
500,000	Brookfield Renewable Partners ULC 4.25% 15JAN29	584,665	569,190	0.36
625,000	Bruce Power LP 4% 21JUN30	657,075	693,988	0.44
500,000	Bruce Power LP 4.132% 21JUN33	491,677	559,660	0.35
605,000	Canadian Imperial Bank of Commerce 1.10% 19JAN26	604,558	591,309	0.37
1,000,000	Canadian Imperial Bank of Commerce 1.96% 21APR31	999,670	1,000,530	0.63
1,000,000	Canadian Imperial Bank of Commerce 2% 17APR25	1,034,100	1,021,270	0.65
560,000	Canadian Imperial Bank of Commerce 2.35% 28AUG24	560,000	578,693	0.37
1,750,000	Capital Desjardins Inc. 4.954% 15DEC26	1,807,585	1,784,440	1.13
345,000	Capital Power Corp. 4.986% 23JAN26	389,039	388,529	0.25
750,000	CCL Industries Inc. 3.864% 13APR28	739,658	815,835	0.52
340,000	Central 1 Credit Union 1.323% 29JAN26	340,000	334,322	0.21
260,000	Central 1 Credit Union 2.391% 30JUN31	260,000	260,681	0.17
370,000	Central 1 Credit Union 2.584% 06DEC23	370,000	382,954	0.24
1,250,000	Central 1 Credit Union 2.60% 07NOV22	1,283,500	1,280,463	0.81
885,000	CI Financial Corp. 3.759% 26MAY25	906,794	944,392	0.60
870,000	Coast Capital Savings Federal Credit Union 0.855% 09DEC22	870,000	871,583	0.55
989,168	Cordelio Amalco GP I 4.087% 30JUN34	989,168	1,078,846	0.68
975,000	CT Real Estate Investment Trust 3.865% 07DEC27	1,028,118	1,063,491	0.67
66,904	Dufferin Wind Power Inc. 4.317% 30NOV33	66,911	73,257	0.05
175,000	Enbridge Gas Distribution Inc. 4.95% 22NOV50	250,920	233,882	0.15
638,035	Enbridge Southern Lights LP 4.014% 30JUN40	677,160	684,694	0.43
430,000	EPCOR Utilities Inc. 2.411% 30JUN31	430,000	431,109	0.27
1,700,000	Fair Hydro Trust 3.357% 15MAY33	1,807,940	1,857,233	1.18
675,000	Fair Hydro Trust 3.52% 15MAY38	762,107	753,631	0.48
600,000	Federation des Caisses Desjardins du Quebec 1.093% 21JAN26	600,000	586,218	0.37
470,000	Federation des Caisses Desjardins du Quebec 1.992% 28MAY31	470,000	469,220	0.30
280,000	Federation des Caisses Desjardins du Quebec 2.856% 26MAY30	280,000	291,620	0.18
373,714	Fifth Avenue LP 4.71% 05AUG21	380,729	374,828	0.24
335,000	First Capital Real Estate Investment Trust 3.447% 01MAR28	335,000	346,705	0.22
815,000	First Capital Realty Inc. 3.456% 22JAN27	817,475	849,931	0.54
205,000	FortisBC Energy Inc. 2.54% 13JUL50	202,702	183,598	0.12

June 30, 2021

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS (cont.)				
1,045,000	Genworth MI Canada Inc. 2.955% 01MAR27	\$ 1,059,300	\$ 1,069,066	0.68
1,321,319	Grand Renewable Solar LP 3.926% 31JAN35	1,290,813	1,412,146	0.89
190,000	Granite REIT Holdings LP 2.378% 18DEC30	190,000	184,712	0.12
750,000	Granite REIT Holdings LP 3.062% 04JUN27	774,645	789,585	0.50
454,082	H2O Power LP 3.31% 30NOV29	454,082	489,391	0.31
435,000	HCN Canadian Holdings-1 LP 2.95% 15JAN27	434,526	451,343	0.29
237,514	Health Montreal Collective LP 6.721% 30SEP49	319,479	329,693	0.21
560,000	Honda Canada Finance Inc. 1.646% 25FEB28	560,000	549,618	0.35
815,000	Hydro One Inc. 1.69% 16JAN31	820,941	771,634	0.49
275,000	Hyundai Capital Canada Inc. 2.008% 12MAY26	275,000	275,866	0.17
610,000	iA Financial Corp Inc. 3.072% 24SEP31	610,000	643,709	0.41
385,000	IGM Financial Inc. 4.206% 21MAR50	385,000	437,241	0.28
350,000	Ivanhoe Cambridge II Inc. 2.296% 12DEC24	350,000	361,666	0.23
510,000	Keyera Corp. 3.959% 29MAY30	553,793	547,052	0.35
157,360	Kingston Solar LP 3.571% 31JUL35	157,360	165,890	0.11
260,000	Lower Mattagami Energy LP 2.433% 14MAY31	260,000	264,982	0.17
330,000	Lower Mattagami Energy LP 4.944% 21SEP43	401,087	428,680	0.27
750,000	Magna International Inc. 3.10% 15DEC22	778,882	773,625	0.49
805,000	Manulife Financial Corp. 2.237% 12MAY30	805,000	824,739	0.52
300,000	Manulife Financial Corp. 2.818% 13MAY35	321,243	306,492	0.19
2,475,000	Manulife Financial Corp. 3.317% 09MAY28	2,464,028	2,576,648	1.63
308,244	Melancthon Wolfe Wind LP 3.834% 31DEC28	319,855	331,023	0.21
280,000	Metro Inc. 5.03% 01DEC44	351,806	336,076	0.21
560,000	National Bank of Canada 1.534% 15JUN26	560,000	556,685	0.35
750,000	National Bank of Canada 3.183% 01FEB28	779,933	774,855	0.49
390,000	New York Life Global Funding 2% 17APR28	389,087	392,180	0.25
195,092	North Battleford Power LP 4.958% 31DEC32	215,984	225,273	0.14
370,000	North West Redwater Partnership / NWR Financing Co., Ltd. 3.75% 01JUN51	368,424	373,733	0.24
55,170	Northland Power Solar Finance One LP 4.397% 30JUN32	55,178	61,153	0.04
1,000,000	Northwestern Hydro Acquisition Co III LP 3.94% 31DEC38	1,011,799	1,079,970	0.68
499,010	Nouvelle Autoroute 30 Financement Inc. 4.115% 30JUN42	515,996	550,173	0.35
175,000	Ontario Power Generation Inc. 4.248% 18JAN49	218,209	205,576	0.13
105,000	Pembina Pipeline Corp. 4.81% 25MAR44	109,734	113,084	0.07
130,000	PSS Generating Station LP 4.795% 24OCT67	130,000	159,407	0.10
285,000	Reliance LP 2.68% 01DEC27	284,949	289,420	0.18
775,000	Reliance LP 3.75% 15MAR26	791,531	831,567	0.53
300,000	RioCan Real Estate Investment Trust 1.974% 15JUN26	300,000	296,826	0.19
350,000	Royal Bank of Canada 1.67% 28JAN33	350,000	338,954	0.21
1,365,000	Royal Bank of Canada 2.088% 30JUN30	1,382,473	1,386,485	0.88
1,785,000	Royal Bank of Canada 2.609% 01NOV24	1,797,250	1,860,702	1.18
1,135,000	Royal Bank of Canada 2.74% 25JUL29	1,137,144	1,178,663	0.75
175,000	Sagen MI Canada Inc. 3.261% 05MAR31	175,000	176,979	0.11
800,000	Saputo Inc. 2.242% 16JUN27	802,737	805,912	0.51
260,000	Saputo Inc. 2.297% 22JUN28	260,000	260,213	0.16
139,358	SEC LP and Arci Ltd. 5.188% 29AUG33	139,357	150,856	0.10
770,000	Shaw Communications Inc. 2.90% 09DEC30	789,419	770,947	0.49
205,000	SmartCentres Real Estate Investment Trust 3.526% 20DEC29	205,000	214,580	0.14
700,000	Stantec Inc. 2.048% 08OCT27	700,676	690,795	0.44
350,000	Sun Life Financial Inc. 2.38% 13AUG29	337,907	360,504	0.23
405,000	Sun Life Financial Inc. 2.58% 10MAY32	404,846	417,737	0.26
610,000	TELUS Corp. 2.85% 13NOV31	608,487	612,336	0.39
265,000	The Bank of Nova Scotia 2.16% 03FEB25	264,913	272,327	0.17
1,875,000	The Bank of Nova Scotia 2.49% 23SEP24	1,891,090	1,946,738	1.23
995,000	The Independent Order Of Foresters 2.885% 15OCT35	997,771	1,007,895	0.64
720,000	The Toronto-Dominion Bank 1.888% 08MAR28	720,000	719,287	0.46
2,500,000	The Toronto-Dominion Bank 2.621% 22DEC21	2,557,977	2,527,650	1.60

June 30, 2021

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS (cont.)				
2,000,000	The Toronto-Dominion Bank 3.105% 22APR30	\$ 2,062,873	\$ 2,107,660	1.33
800,000	The Toronto-Dominion Bank 3.224% 25JUL29	849,216	842,640	0.53
850,000	The Toronto-Dominion Bank 3.589% 14SEP28	898,968	894,744	0.57
310,000	Thomson Reuters Corp. 2.239% 14MAY25	310,000	318,156	0.20
465,000	Vancouver Airport Fuel Facilities Corp. 2.168% 23JUN25	465,000	463,340	0.29
1,025,000	Ventas Canada Finance Ltd. 2.80% 12APR24	1,032,485	1,062,771	0.67
99,176	Winnipeg Airport Authority Inc. 6.102% 20NOV40	99,176	123,788	0.08
510,000	WSP Global Inc. 2.408% 19APR28	510,000	514,182	0.33
310,000	WTH Car Rental ULC 2.781% 20JUL24	310,000	310,000	0.20
		73,045,873	74,664,043	47.29
CANADIAN FEDERAL BONDS				
2,515,000	Canada Housing Trust No 1 1.75% 15JUN22	2,559,652	2,550,939	1.62
1,200,000	Canada Post Corp. 4.36% 16JUL40	1,715,075	1,571,880	1.00
6,680,000	Canadian Government Bond 2% 01DEC51	7,862,244	6,927,761	4.39
1,600,000	Canadian Government Bond 3.50% 01DEC45	2,117,858	2,138,896	1.35
488,898	Canadian Mortgage Pools 1.92% 01JAN30	486,251	485,804	0.31
40,568	CBC Monetization Trust 4.688% 15MAY27	40,567	44,722	0.03
1,000,000	Export Development Canada 1.65% 31JUL24	998,850	1,026,260	0.65
2,750,000	International Bank for Reconstruction & Development 1.80% 26JUL24	2,780,827	2,830,768	1.79
1,000,000	International Bank for Reconstruction & Development 1.95% 20SEP29	998,550	1,017,200	0.64
1,000,000	PSP Capital Inc. 0.90% 15JUN26	999,040	981,750	0.62
295,534	Royal Office Finance LP 5.209% 12NOV32	374,123	366,465	0.23
		20,933,037	19,942,445	12.63
CANADIAN MORTGAGE-BACKED SECURITIES				
608,039	MCAP RMBS Issuer Corp Mortgage Pass-Through Certificates Series 2018-1 2.40% 15OCT22	608,154	608,154	0.39
352,797	MCAP RMBS Issuer Corp Mortgage Pass-Through Certificates Series 2018-2 2.75% 15MAY23	347,328	347,328	0.22
		955,482	955,482	0.61
CANADIAN PROVINCIAL/MUNICIPAL BONDS				
700,000	Carleton University 3.264% 05JUL61	700,000	708,421	0.45
1,250,000	City of Ottawa Ontario 3.25% 10NOV47	1,243,445	1,363,100	0.86
750,000	City of Toronto Canada 1.60% 02DEC30	749,850	724,718	0.46
1,075,000	Financement-Quebec 5.25% 01JUN34	1,348,180	1,430,126	0.91
1,500,000	Hydro-Quebec 5% 15FEB50	2,092,530	2,222,790	1.41
4,000,000	Hydro-Quebec 6% 15FEB40	6,294,210	6,122,840	3.88
1,000,000	Hydro-Quebec 6.50% 15FEB35	1,471,000	1,496,860	0.95
1,000,000	Newfoundland & Labrador Hydro 3.60% 01DEC45	1,094,153	1,120,030	0.71
70,025	Ontario School Boards Financing Corp. 5.376% 25JUN32	79,820	83,640	0.05
1,544,665	Ontario School Boards Financing Corp. 5.80% 07NOV28	1,722,425	1,799,674	1.14
89,941	Ontario School Boards Financing Corp. 5.90% 11OCT27	101,827	103,838	0.07
825,000	Province of Newfoundland and Labrador Canada 0.635% 27FEB23	829,306	829,150	0.52
375,000	Province of Newfoundland and Labrador Canada 1.75% 02JUN30	359,198	365,239	0.23
400,000	Province of Nova Scotia Canada 0.7075% 09NOV24	406,388	405,904	0.26
825,000	Province of Ontario Canada 0.54% 21AUG23	831,435	829,488	0.53
11,200,000	Province of Ontario Canada 2.15% 02JUN31	11,157,442	11,310,880	7.16
2,000,000	Province of Ontario Canada 2.60% 02JUN27	2,129,955	2,126,380	1.35
4,210,000	Province of Ontario Canada 2.90% 02DEC46	4,296,423	4,448,875	2.82
3,800,000	Province of Ontario Canada 2.90% 02JUN49	4,071,571	4,012,458	2.54
2,000,000	Province of Quebec Canada 1.85% 13FEB27	2,109,720	2,055,000	1.30
500,000	Province of Quebec Canada 2.10% 27MAY31	498,385	508,180	0.32
2,600,000	South Coast British Columbia Transportation Authority 3.25% 23NOV28	2,596,438	2,876,432	1.82
1,250,000	TCHC Issuer Trust 4.877% 11MAY37	1,598,125	1,604,050	1.02
1,000,000	The 55 Ontario School Board Trust 5.90% 02JUN33	1,482,080	1,357,260	0.86
1,500,000	The Hospital for Sick Children 3.416% 07DEC57	1,430,882	1,608,840	1.02
500,000	The Hospital for Sick Children 5.217% 16DEC49	762,975	706,355	0.45
750,000	The University of British Columbia 6.65% 01DEC31	1,006,780	1,018,905	0.65

June 30, 2021

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN PROVINCIAL/MUNICIPAL BONDS (cont.)				
500,000	University of Ottawa 2.635% 13FEB60	\$ 500,000	\$ 439,505	0.28
1,000,000	University of Toronto 5.841% 15DEC43	1,342,140	1,448,170	0.92
1,325,000	York University 5.841% 04MAY44	2,007,139	1,917,275	1.21
		<u>56,313,822</u>	<u>57,044,383</u>	<u>36.15</u>
CANADIAN SUPRANATIONALS				
650,000	Asian Development Bank 0.75% 10FEB26	649,903	638,749	0.40
1,200,000	Asian Development Bank 1.50% 04MAY28	1,192,716	1,199,220	0.76
1,750,000	European Investment Bank 1% 28JAN28	1,749,650	1,696,678	1.07
500,000	Inter-American Development Bank 4.40% 26JAN26	581,115	571,810	0.36
		<u>4,173,384</u>	<u>4,106,457</u>	<u>2.59</u>
TOTAL INVESTMENTS OWNED		<u>155,421,598</u>	<u>156,712,810</u>	<u>99.27</u>
NET INVESTMENTS OWNED		\$ 155,421,598	156,712,810	99.27
OTHER ASSETS, NET			1,231,379	0.73
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			\$ 157,944,189	100.00

Statements of Financial Position *(unaudited)*

<i>(see note 2 in the generic notes)</i>	June 30 2021	December 31 2020
ASSETS		
Investments at fair value (Cost: \$155,421,598; 2020: \$158,736,291)	\$ 156,712,810	\$ 166,155,483
Cash	530,683	929,490
Due from investment dealers	720,300	900,828
Subscriptions receivable	6,372	5,460
Dividends receivable, interest accrued and other assets	825,896	821,449
TOTAL ASSETS	158,796,061	168,812,710
LIABILITIES		
Due to investment dealers	700,000	1,022,090
Accounts payable and accrued expenses	151,872	156,451
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	851,872	1,178,541
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 157,944,189	\$ 167,634,169
NUMBER OF REDEEMABLE UNITS OUTSTANDING		
SERIES A	14,718,239	14,809,041
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
SERIES A	\$ 10.73	\$ 11.32

Statements of Comprehensive Income *(unaudited)*

<i>(see note 2 in the generic notes)</i>	2021	2020
For the periods ended June 30		
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	\$ 2,204,949	\$ 2,214,622
Net realized gain (loss) on investments	(2,450,456)	4,042,695
Change in unrealized gain (loss) on investments	(6,127,981)	5,521,001
Net gain (loss) on foreign currencies and other net assets	-	1
Other income	315	-
TOTAL INCOME (LOSS)	(6,373,173)	11,778,319
EXPENSES		
Management fees	612,365	608,470
GST/HST	82,303	82,509
Audit fees	12,558	12,627
IRC fees	6,010	9,583
Legal fees	7,927	7,971
Filing fees	2,318	1,758
TOTAL EXPENSES	723,481	722,918
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
	\$ (7,096,654)	\$ 11,055,401
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
SERIES A	\$ (0.48)	\$ 0.78

Statements of Cash Flow (unaudited)

For the periods ended June 30 (see note 2 in the generic notes)	2021	2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Increase (decrease) in net assets		
attributable to holders of redeemable units	\$ (7,096,654)	\$ 11,055,401
Adjustments for non-cash items		
Net realized loss (gain) on investments	2,450,456	(4,042,695)
Change in unrealized loss (gain) on investments	6,127,981	(5,521,001)
Change in non-cash balances		
(Increase) decrease in accrued receivables	(4,447)	112,575
Increase (decrease) in accrued payables	(4,579)	5,375
Proceeds from sale of investments	98,477,357	153,462,859
Purchase of investments	(97,754,683)	(156,749,971)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	2,195,431	(1,677,457)
FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4,434,256	5,315,145
Distributions to unitholders, net of reinvestments	53	–
Cash paid on redemption of redeemable units	(7,028,547)	(3,857,339)
CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	(2,594,238)	1,457,806
Increase (decrease) in cash during the period	(398,807)	(219,651)
Cash, beginning of period	929,490	905,572
CASH, END OF PERIOD	\$ 530,683	\$ 685,921
SUPPLEMENTAL INFORMATION*		
Interest received	\$ 2,200,503	\$ 2,327,197

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *(unaudited)*

For the periods ended June 30 (see note 2 in the generic notes)	Series A	
	2021	2020
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS,		
BEGINNING OF PERIOD	\$ 167,634,169	\$ 152,145,418
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Proceeds from redeemable units issued	4,435,168	5,583,328
Reinvestment of distributions to unitholders*	1,635,624	1,565,757
Redemption of redeemable units	(7,028,547)	(3,863,682)
DISTRIBUTIONS TO UNITHOLDERS	(1,635,571)	(1,565,757)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, END OF PERIOD		
	\$ 157,944,189	\$ 164,920,465

* For the period ended June 30, 2021, the total distributions from the Fund from net income were \$1,635,624 (June 30, 2020 – \$1,565,757), the total distributions from the Fund from capital gains were \$nil (June 30, 2020 – \$nil) and the total distributions from the Fund from return of capital were \$nil (June 30, 2020 – \$nil).

June 30, 2021

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.

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	June 30 2021	December 31 2020
AAA	16.2	19.4
AA	34.0	34.3
A	32.0	28.5
BBB	17.8	17.8
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	June 30 2021	December 31 2020
Corporate Bonds	47.3	42.6
Provincial/Municipal Bonds	36.2	37.4
Federal Bonds	12.6	18.4
Supranationals	2.6	–
Mortgage-Backed Securities	0.6	0.7
Cash/Other	0.7	0.9
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	June 30 2021	December 31 2020
Less than 1 year	3.5	3.0
1 – 5 years	17.8	21.2
5 – 10 years	37.9	32.5
> 10 years	40.7	43.3
Total	100.0	100.0

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

As at June 30, 2021, 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 8.7% (December 31, 2020 – 8.9%). 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 June 30, 2021 and December 31, 2020.

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Corporate Bonds	–	74,664,043	–	74,664,043
Federal Bonds	–	19,942,445	–	19,942,445
Provincial/Municipal Bonds	–	57,044,383	–	57,044,383
Mortgage-Backed Securities	–	955,482	–	955,482
Supranationals	–	4,106,457	–	4,106,457
	–	156,712,810	–	156,712,810

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

For the periods ended June 30, 2021 and December 31, 2020, 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%
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The Manager may, in its discretion, charge a lower annual fee than indicated in the Fund's prospectus.

As at June 30, 2021, management fees of \$112,497 (December 31, 2020 - \$122,228) were payable to the Manager of the Fund.

June 30, 2021

Investments by Related Parties
(\$ except unit amounts)

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

	June 30 2021	December 31 2020
Units held		
Series A	25,551	25,285
Value of all units	274,166	286,213

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

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

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 June 30 (see note 2 in the generic notes)	2021	2020
Series A		
Redeemable units, beginning of period	14,809,041	14,090,952
Redeemable units issued	409,750	501,435
Redemption of redeemable units	(654,093)	(345,473)
Reinvestments of units	153,541	140,828
Redeemable units, end of period	14,718,239	14,387,742

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 August 23, 2021.

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 at June 30, 2021 and December 31, 2020, or for the periods ended June 30, 2021 and 2020, as applicable.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), including International Accounting Standard (IAS) 34, Interim Financial Reporting. 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

June 30, 2021

Comprehensive Income for the period. The unrealized gain and loss on investments is the difference between fair value 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 incur 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

June 30, 2021

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.