Encasa Financial Inc.

CANADIAN EQUITY FUND

ENCASA EQUITY FUND

June 30, 2021

The Board of Directors of Encasa Financial Inc. approved this interim management report of fund performance on August 23, 2021.

A Note on Forward-looking Statements

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

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

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

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

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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Up until July, 1, 2020, the investment objective of the Fund was to seek long-term capital growth by investing primarily in a diversified portfolio consisting of equity securities of companies located in Canada. Effective July 1, 2020, the name of the Fund was changed from “Encasa Canadian Equity Fund” to “Encasa Equity Fund” and the investment objective for the Fund was changed to seek long-term capital growth by investing in a diversified portfolio consisting of equity securities of companies primarily located outside of Canada. In both periods, the Fund primarily invested in securities of companies that conduct themselves in a socially responsible manner.

Results of Operations

The Fund’s net asset value was $157.2 million as of June 30, 2021.

Over the past six months, the Fund’s Series A units gained 11.3%. The Fund’s return is after the deduction of fees and expenses. See the Financial Highlights section for the management expense ratios and the Past Performance section for information on returns.

After a strong finish in 2020, the markets continued their momentum into the first quarter of 2021. Fuelled by accelerating economic momentum and more vaccine approvals, the global economy and world’s cities have slowly begun to return to normal despite occasional setbacks due to variants of concern. Against this backdrop, the new year saw investors favouring more defensive holdings and value stocks—a bit of a departure from the more technology- and growth-driven picks that characterized 2020.

Equity markets continued to build on the strong first quarter, fueled by rising vaccination rates and economic reopening. There was strong performance in the technology sector as stronger-than-expected earnings pushed stocks higher throughout the second quarter. The first half of the second quarter saw commodity prices rise as the growing economic reopening increased demand. But commodities experienced a healthy correction in June as investors took profits. Bond yields remained relatively quiet following the first quarter rise in yields coming from fears of earlier-than-expected interest rate increases.

The S&P 500 rose 8.55% (6.95% in CAD terms) during Q2, and overall grew 15.24% (+11.99% in CAD terms) over the six-month period. The Energy, Financials and Real Estate Sectors were the strongest during the first half of the year, while Utilities and Consumer Staples lagged the most. Similarly in Canada, the TSX rose 8.55% over the second quarter, and grew 17.30% over the six-month period. The best performing sectors were Energy, Financials and Health Care, while Materials and Utilities lagged.

Recent Developments

After the first quarter’s upward movement in bond yields, they remained rangebound for the second quarter, despite increased inflation and rate hike concerns. During June’s U.S. Federal Reserve meeting Fed Chair Jerome Powell continued to counsel patience when it comes to the first rate increases and encouraged viewing inflation as transitory. The updated economic projections saw consensus 2021 GDP estimates improving from 6.5% in March to 7.0%. In addition, core inflation expectations were also higher, moving up from 2.2% in March to 3.0% in June. Despite the increased inflation projections for this year, investors accepted the view of inflation as transitory—2022 and 2023 inflation projections were estimated to come back down to 2.1%. The biggest move we saw was Fed committee members moving up their projected first rate hike from 2024 to 2023. However, with markets expecting the first increase to happen next year, this news was received positively, and markets moved higher towards the end of the first half of the year.

In the last weeks of the second quarter, the U.S. Congress finally reached a compromise on the infrastructure deal that would help continue the economy’s momentum. The USD$1.2 trillion package is expected to be spent over the next eight years and includes spending on roads, bridges, transportation, internet, and power grids. Despite the positive news, there was backlash as President Biden was quick to mention the desire to pass a second bill. This new bill would be valued at USD$6 trillion that would be focused on climate change, education, paid leave and childcare. This bill would also include the increased tax on the wealthy mentioned earlier this year to fund some of the new initiatives and the Democrats would look to implement it without Republicans through a budget reconciliation process that would not require any Republican votes. Despite the progress on the initial deal, many Republicans are refusing to sign it until they see the budget package, so this will be an ongoing issue during the third quarter.

With the mixed economic data, and the hawkish tone from the Fed meeting in June, investors are starting to shift concerns from inflation to economic growth. The U.S. 10-year bond yield slid below 1.45% in late June (from the peak of 1.73% in early April). As a result, value stocks started to take a pause, while the technology sector retook the leading role. The financials sector, the most direct beneficiary of the steepening yield curve, saw a significant drop. The materials sector was also hit hard after the big correction in commodity prices, which was especially acute in lumber and copper. In mid-June, we reduced the sector and stock exposures that are positively affected by the yield curve to realize the gains from our long position held since late last year. Our belief that the economy is at the mid-point in the growth cycle, along with a continuing and broadening global reopening underpins our view.

Moving into the second half of the year, we are keeping a positive view of equities over bonds. Because there are still uncertainties ahead, such as the impact of the delta COVID variant, and the Fed's next step, we anticipate there will be fluctuations in the market. In particular, we will invest in more growth names from the IT sector and keep a neutral position to the consumer discretionary sector. On the other hand, we plan to tilt up health care exposure from defensive sectors. Considering the decline in yield spread in the short term, we would like to reduce some cyclical sector exposures, including materials and industrials. However, we still think value stocks have not finished their full cycle yet, we remain positive on financials in the next three-to-six months. Country wise, because of strong second-quarter earnings and solid economic data, we are inclined to hold more U.S. exposure than Canada and Europe.

Effective September 15, 2020, KPMG LLP replaced PricewaterhouseCoopers LLP as the Funds' auditor.

Related-Party Transactions

Portfolio Manager, Registrar and Fund Accounting Agent

Encasa Financial Inc. is the Portfolio Manager of the Fund. Encasa has appointed Genus Capital Management Inc. as portfolio sub-adviser in respect of the Encasa Equity Fund. National Bank Financial Inc. is the registrar and fund accounting agent of the Fund. The Fees paid to Genus Capital Management Inc. and National Bank Financial Inc. are paid by the Manager and not the Fund.

Distributor

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

Trustee and Custodian

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

Brokers and Dealers

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

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months (noted by June 30, 2021), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

Change in Net Assets Per Unit ($)

		Increase (Decrease) from Operations[1]					Annual Distributions[2]					
For the Year/ Period Ended	Net Assets Beginning of Year/Period	Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital	Total	Net Assets End of Year/Period
Series A												
June 30, 2021	**20.03**	**0.41**	**(0.14)**	**1.27**	**0.72**	**2.26**	**–**	**–**	**–**	**–**	**–**	**22.29**
Dec. 31, 2020	19.69	0.46	(0.24)	1.37	0.11	1.70	–	(0.22)	(1.14)	–	(1.35)	20.03
Dec. 31, 2019	17.57	0.48	(0.22)	0.51	1.78	2.55	–	(0.36)	(0.01)	–	(0.37)	19.69
Dec. 31, 2018	21.67	0.54	(0.25)	2.72	(4.34)	(1.33)	–	(0.14)	(2.51)	–	(2.65)	17.57
Dec. 31, 2017	19.42	0.49	(0.23)	0.78	1.74	2.78	–	(0.23)	(0.31)	–	(0.54)	21.67
Dec. 31, 2016	17.44	0.48	(0.21)	0.41	1.69	2.37	–	(0.26)	(0.13)	–	(0.39)	19.42

1 Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
2 Distributions were automatically reinvested in additional units of the same series of the Fund.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit ($)	Net Asset Value ($000s)	Number of Units Outstanding (000s)	MER (%)[1]	MER Before Absorption (%)[1]	Portfolio Turnover Rate (%)[2]	Trading Expense Ratio (%)[3]
Series A							
June 30, 2021	**22.29**	**157,303**	**7,057,670**	**1.12**	**1.12**	**139.92**	**0.19**
Dec. 31, 2020	20.03	140,549	7,018	1.13	1.13	130.91	0.20
Dec. 31, 2019	19.69	127,724	6,486	1.12	1.12	107.29	0.17
Dec. 31, 2018	17.57	116,134	6,611	1.08	1.08	87.45	0.10
Dec. 31, 2017	21.67	128,917	5,948	1.12	1.12	17.96	0.06
Dec. 31, 2016	19.42	117,291	6,040	1.17	1.17	23.91	0.10

1 The management expense ratio ("MER") is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. The Manager may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by the Manager of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by the Manager.
2 The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of a fund.
3 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

FINANCIAL HIGHLIGHTS (cont.)

Management Fees

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

		Breakdown of Services	
	Management Fees	Distribution	Other*
Series A	1.00%	6%	94%

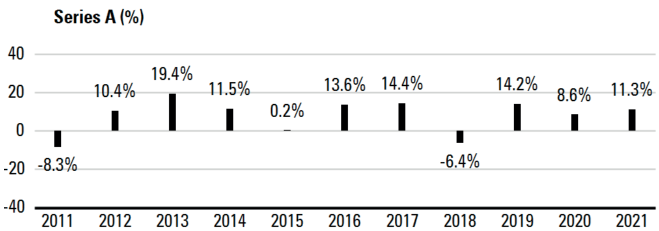
* Includes all costs related to management, portfolio management, registrar, general administration and profit.

PAST PERFORMANCE

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

Year-by-Year Returns (%)

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



For the 12-month periods ended December 31 and the six-month period ended June 30, 2021.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)
As at June 30, 2021

Investment Mix

	% of Net Asset Value
Canadian Equities	41.3
United States Equities	37.3
Overseas Equities	20.2
Cash/Other	1.2

Top 25 Holdings

	% of Net Asset Value
Royal Bank of Canada	4.92
Enbridge Inc.	3.42
CI Financial Corp.	2.91
Canadian Imperial Bank of Commerce	2.79
Manulife Financial Corp.	2.77
Shopify Inc.	2.77
Sun Life Financial Inc.	2.71
The Home Depot Inc.	2.11
Canadian Pacific Railway Ltd.	2.05
Bank of Montreal	2.03
Lam Research Corp.	2.00
Intact Financial Corp.	1.97
Nippon Telegraph & Telephone Corp.	1.90
Finning International Inc.	1.75
Texas Instruments Inc.	1.74
The Procter & Gamble Co.	1.72
Microsoft Corp.	1.71
NetApp Inc.	1.63
Randstad Holding NV	1.59
Magna International Inc.	1.57
Chugai Pharmaceutical Co., Ltd.	1.56
Cogeco Communications Inc.	1.55
West Fraser Timber Co., Ltd.	1.55
Makita Corp.	1.54
Daiwa House Industry Co., Ltd.	1.46
Top 25 Holdings	53.72

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