

FIXED-INCOME FUND

**ENCASA CANADIAN
SHORT-TERM BOND FUND**

June 30, 2022

The Board of Directors of Encasa Financial Inc. approved this interim management report of fund performance on August 23, 2022.

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, 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

The investment objective of the Fund is to obtain a relatively high level of current interest income consistent with preserving capital and maintaining liquidity by investing primarily in Canadian short-term debt instruments. The Fund invests primarily in high-quality debt obligations issued or guaranteed by Canadian governments and companies that conduct themselves in a responsible manner. The average term to maturity of the Fund's portfolio is typically one to five years.

Results of Operations

The Fund's net asset value was \$241.0 million as of June 30, 2022.

Over the past six months, the Fund's Series A units lost 5.3%. 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.

The first half of 2022 proved to be quite challenging across a variety of asset classes, with all major equity and fixed income markets posting negative absolute returns. While faring much better on a relative basis than the U.S. and International markets, Canada was certainly not immune to the broad-based pull back in both stocks and bonds. Canadian fixed income in particular was hard hit as a result of continued inflation concerns. Interest rates rose across the yield curve over the past six months as the bond market moved to price in more aggressive tightening of monetary policy. The Bank of Canada hiked the overnight target rate several times during this period (for a total of 125 bps). Similarly, the U.S. Federal Reserve tightened their target range by a total of 150 bps, while also signaling more to follow. Provincial and Corporate spreads widened through the period driven by rising interest rates and inflation concerns, as well as weak equity markets. A longer duration bias hurt relative performance as rates rose but was slightly offset by positive performance from curve positioning. The overweight allocation to the Corporate sector was a drag on performance as credit spreads widened over period; however, this was partially offset by strong security selection in that sector.

Recent Developments

Global growth slows but remains above longer-term trends supported by fiscal stimulus and a historically high savings rate. We expect that growth will be primarily driven by the consumer and government sectors, although supported by positive business investment. Unemployment will continue to fall and dislocations in the labour force should work their way out as the participation rate rises. Inflation pressure should peak in 2022 but remain above central bank targets due to supply chain issues, elevated commodity

prices, and increasing labour costs. Significant dislocations in the labour markets with more job openings than available workers put upward pressure on wages. Structural forces (aging demographics, technology advancements, and a growing debt overhang) will continue as headwinds to long term inflation. 2022 will be a transition year as central banks raise administered monetary policy rates and start to reverse bond purchase programs. Global monetary policy evolves at different speeds as some central banks move to tighten while others maintain extraordinary easy policy. Above target price inflation will be the primary focus of central banks. Fiscal stimulus via direct consumer programs has mostly finished but infrastructure spending will continue to contribute positively to growth. As a result of this economic outlook, the portfolio's interest rate risk is being managed moderately long based on observations that market pricing for policy expectations is aggressive, and if not met, will result in yields repricing lower. As such, we will continue to actively manage portfolio relative duration adding cautiously as rates rise. In addition, there is potential for the yield curve to flatten further as central banks aggressively tighten policy and inflation and growth peak, so the portfolio has continued to maintain an overweight in mid-long term relative to short term securities. With the portfolio's credit exposure, the emphasis will continue to be on strong credit fundamentals and fair valuation, and will maintain allocations to defensive issuers which will outperform in a risk off environment.

Related-Party Transactions

Portfolio Manager, Registrar and Fund Accounting Agent

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

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, 2022), and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations ¹					Annual Distributions ²				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
Series A												
June 30, 2022	10.10	0.13	(0.04)	(0.24)	(0.38)	(0.53)	(0.11)	–	–	–	(0.11)	9.46
Dec. 31, 2021	10.45	0.25	(0.08)	(0.05)	(0.31)	(0.19)	(0.16)	–	–	–	(0.16)	10.10
Dec. 31, 2020	10.11	0.25	(0.08)	0.19	0.14	0.50	(0.16)	–	–	–	(0.16)	10.45
Dec. 31, 2019	10.00	0.26	(0.08)	0.12	(0.01)	0.29	(0.19)	–	–	–	(0.19)	10.11
Dec. 31, 2018	10.06	0.26	(0.08)	(0.31)	0.24	0.11	(0.18)	–	–	–	(0.18)	10.00
Dec. 31, 2017	10.24	0.23	(0.08)	(0.06)	(0.13)	(0.04)	(0.15)	–	–	–	(0.15)	10.06

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 reinvested in additional units of the Fund.

Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	MER (%) ¹	MER Before Absorption (%) ¹	Portfolio Turnover Rate (%) ²	Trading Expense Ratio (%) ³
Series A							
June 30, 2022	9.46	240,964	25,479	0.79	0.79	178.39	–
Dec. 31, 2021	10.10	258,584	25,606	0.79	0.79	108.57	–
Dec. 31, 2020	10.45	263,411	25,202	0.80	0.80	149.84	–
Dec. 31, 2019	10.11	248,337	24,572	0.78	0.78	196.44	–
Dec. 31, 2018	10.00	229,383	22,942	0.81	0.81	282.52	–
Dec. 31, 2017	10.06	245,885	24,440	0.79	0.79	154.89	–

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:

Series A	Management Fees	Breakdown of Services	
		Distribution	Other*
	0.80%	9%	91%

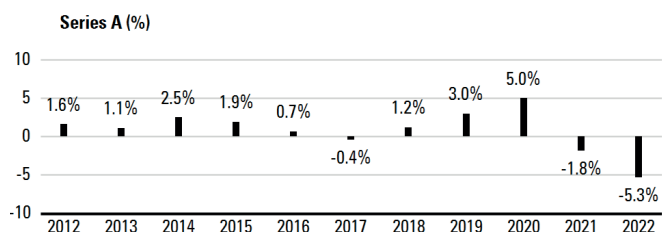
* Includes all costs related to management, portfolio management, registrar, general administration and profit.

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, 2022.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2022

Investment Mix

	% of Net Asset Value
Corporate Bonds	46.0
Federal Bonds	26.0
Provincial/Municipal Bonds	20.4
Supranationals	5.8
Mortgage-Backed Securities	1.0
Cash/Other	0.8

Top 25 Holdings

	% of Net Asset Value
Canadian Government Bond 2.75% 01SEP27	11.42
Canada Housing Trust No 1 0.95% 15JUN25	9.98
Province of Ontario Canada 2.65% 05FEB25	8.15
The Toronto-Dominion Bank 3.589% 14SEP28	3.49
Sun Life Financial Inc. 2.38% 13AUG29	2.78
Province of Ontario Canada 8.50% 02DEC25	2.41
The Bank of Nova Scotia 2.49% 23SEP24	2.35
Royal Bank of Canada 2.74% 25JUL29	2.09
Province of Quebec Canada 8.50% 01APR26	2.07
Canadian Government Bond 2.25% 01DEC29	2.05
Province of British Columbia Canada 8% 08SEP23	1.97
Federation des Caisses Desjardins du Quebec 2.856% 26MAY30	1.94
Canadian Government Bond 0.50% 01SEP25	1.82
Manulife Financial Corp. 3.317% 09MAY28	1.75
Province of Newfoundland and Labrador Canada 6.50% 17OCT29	1.56
Royal Bank of Canada 2.088% 30JUN30	1.43
Province of Quebec Canada 2.60% 06JUL25	1.42
Coast Capital Savings Credit Union 5% 03MAY28	1.28
Genworth MI Canada Inc. 4.242% 01APR24	1.24
Sun Life Financial Inc. 2.46% 18NOV31	1.16
RioCan Real Estate Investment Trust 1.974% 15JUN26	1.11
International Bank for Reconstruction & Development 1.80% 19JAN27	1.06
International Bank for Reconstruction & Development 1.20% 22JUL26	1.05
Eagle Credit Card Trust 2.631% 17OCT22	1.03
Asian Development Bank 1.625% 28JAN25	0.99
Top 25 Holdings	67.60

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.