

FIXED-INCOME FUND

**ENCASA CANADIAN
SHORT-TERM BOND FUND***June 30, 2023*

The Board of Directors of Encasa Financial Inc. approved this interim management report of fund performance on August 23, 2023.

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 on 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.sedarplus.ca.

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 using a responsible investment approach. The Fund invests primarily in high-quality debt obligations issued or guaranteed by Canadian governments or their agencies, Canadian chartered banks, Canadian loan or trust companies, and Canadian corporations. 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 \$239.8 million as of June 30, 2023.

Over the past six months, the Fund's Series A units gained 0.7%. 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.

Strong employment and inflation data led the Bank of Canada to raise its overnight target rate by 25 basis points (bps) to 4.75% in June after being on hold for 5 months. The Federal Reserve also hiked rates by 25 basis points (bps) in May, bringing its target range to 5.00 – 5.25%. Both central banks suggested that they may need to tighten policy further as the real economy continues to show resiliency.

Rates were volatile across the yield curve with an upward bias. Two-year yields rose over 80 bps during the second quarter, while ten-year yields rose approximately 33 bps causing the 2-year – 10-year curve to increase its inversion to 132 bps in Q2.

Corporate credit spreads narrowed during the second quarter driven by strong demand from investors.

Recent Developments

Economic activity has proven more resilient than anticipated, thanks to a robust job market that has led to significant growth in real income for consumers. Additionally, elevated chequing and savings account balances have resulted in the economy being less sensitive to higher rates in the short-term.

Strong YTD economic data has prompted economists to raise their 2023 GDP forecasts for Canada and the US, while postponing their recession predictions until 2024. The market is priced for a soft-landing scenario. Supporting this scenario is the resilient consumer, a tight labor market, and a rebound in housing activity, among other factors. However, achieving a soft-landing hinges on a flawless disinflation process. Historically, disinflation from current levels of core inflation has not happened without a recession. Against the backdrop of economic strength, corporate credit spreads narrowed during the second quarter.

The portfolio's duration was slightly above that of the benchmark during the quarter, detracting from relative performance as rates rose. Offsetting this were added value from a modest underweight in shorter term maturities, which added value as short rates rose more than longer term rates, and contribution from narrowing credit spreads, which rewarded the portfolio's overweight to corporate bonds.

From a responsible investing perspective, as at June 30, 2023, 37.5% of the Fund's portfolio consisted of bonds related to responsible investing focus areas. 22.2% of the Fund's portfolio consisted of labeled green bonds, 7.2% of sustainable bonds, and 2.0% of social bonds. The portfolio was managed in accordance with Encasa's Responsible Investment Policy throughout the quarter.

Related-Party Transactions

Portfolio Manager, Registrar and Fund Accounting Agent

Encasa Financial Inc. ("Encasa") acts as the Manager and the Portfolio Manager of the Fund and earns fees from the Fund for such services. The Manager has appointed Addenda Capital Inc. ("Addenda") as portfolio sub-adviser in respect of the Encasa Canadian Short-Term Bond Fund. National Bank Financial Inc. ("National Bank") through its National Bank Independent Network division has been appointed as registrar and fund accounting agent of the Fund. The Fees paid to Addenda and National Bank are paid by the Manager and not the Fund. Neither Addenda nor National Bank are related to the Manager.

Distributor

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

Trustee and Custodian

Natcan Trust Company ("Natcan") is the trustee and custodian of the Fund. Natcan holds legal title to the property (the cash and securities) of the Fund on behalf of the Fund. The fees paid to Natcan are paid by the Manager and not the Fund. Natcan is not related to the Manager.

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, 2023), and for the past five years. 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, 2023	9.38	0.15	(0.04)	(0.13)	0.09	0.07	(0.12)	–	–	–	(0.12)	9.33
Dec. 31, 2022	10.10	0.28	(0.08)	(0.32)	(0.39)	(0.51)	(0.21)	–	–	–	(0.21)	9.38
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

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, 2023	9.33	239,791	25,705	0.80	0.80	119.08	–
Dec. 31, 2022	9.38	241,228	25,708	0.79	0.79	148.25	–
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	–

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%

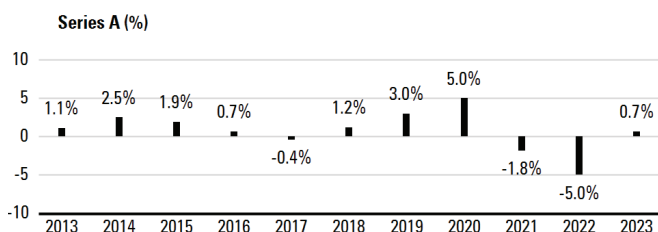
* Includes all costs related to management, portfolio management, registrar, general administration and profit.

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, 2023.

SUMMARY OF INVESTMENT PORTFOLIO

(after consideration of derivative products, if any)

As at June 30, 2023

Investment Mix

	% of Net Asset Value
Corporate Bonds	40.9
Federal Bonds	31.4
Provincial/Municipal Bonds	21.5
Supranationals	4.7
Mortgage-Backed Securities	0.6
Cash/Other	0.9

Top 25 Holdings

	% of Net Asset Value
Canadian Government Bond 2.75% 01SEP27	22.6
Province of Ontario Canada 2.65% 05FEB25	10.4
Royal Bank of Canada 2.74% 25JUL29	3.6
Canadian Government Bond 1.50% 01APR25	3.1
Sun Life Financial Inc. 2.38% 13AUG29	2.8
The Bank of Nova Scotia 2.49% 23SEP24	2.4
Canadian Government Bond 2.25% 01DEC29	2.3
Province of Quebec Canada 1.85% 13FEB27	2.3
Province of Quebec Canada 8.50% 01APR26	2.0
Federation des Caisses Desjardins du Quebec 2.856% 26MAY30	2.0
Manulife Financial Corp. 5.409% 10MAR33	1.7
The Toronto-Dominion Bank 1.896% 11SEP28	1.6
Province of Quebec Canada 2.60% 06JUL25	1.4
Federation des Caisses Desjardins du Quebec 5.20% 01OCT25	1.3
Canadian Government Bond 2% 01JUN28	1.2
RioCan Real Estate Investment Trust 1.974% 15JUN26	1.1
Canadian Government Bond 3.50% 01MAR28	1.1
Province of Ontario Canada 1.55% 01NOV29	1.1
Province of Ontario Canada 1.85% 01FEB27	1.1
Province of British Columbia Canada 8% 08SEP23	1.1
International Bank for Reconstruction & Development 1.20% 22JUL26	1.0
National Bank of Canada 1.534% 15JUN26	1.0
Province of Ontario Canada 2.90% 02JUN28	1.0
Asian Development Bank 1.625% 28JAN25	1.0
Central 1 Credit Union 2.584% 06DEC23	0.9
Top 25 Holdings	70.8

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.sedarplus.ca.