encasa
Encasa Financial Inc.

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. 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 IFRS Accounting Standards and include certain amounts that are based on estimates and judgments. The significant material accounting policies which management believes are appropriate for the Funds are described in Note 3 to the financial statements.

Brian Marks
Chair, Board of Directors
Encasa Financial Inc.

Howie Wong
CEO
Encasa Financial Inc.

March 12, 2026

To the Unitholders and Trustee of:

Encasa Canadian Short-Term Bond Fund
Encasa Canadian Bond Fund
Encasa Equity Fund

(individually a "Fund")

Opinion

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

- the statements of financial position as at December 31, 2025 and December 31, 2024
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material 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, 2025 and December 31, 2024, and their financial performance and their cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audits 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 Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance of each Fund.

Our opinion on the financial statements of each Fund 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 audits and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance of each Fund as at the date of this auditor's 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 auditor's 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 Accounting Standards, 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 each Fund's ability 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 the applicable 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 audits.

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 audits 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 each Fund's internal control.

- 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 auditor's 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 auditor's report. However, future events or conditions may cause each 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 12, 2026

SCHEDULE OF INVESTMENT PORTFOLIO

ENCASA CANADIAN SHORT-TERM BOND FUND

December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN ASSET-BACKED SECURITIES				
1,450,000	Eagle Credit Card Trust 3.917% 17JUN30	$ 1,454,815	$ 1,467,428	0.60
690,000	Eagle Credit Card Trust 4.916% 17JUN29	690,000	723,098	0.30
710,000	Eagle Credit Card Trust 5.134% 17JUN28	710,000	742,077	0.30
920,000	Ford Auto Securitization Trust II Series 2025-B Asset-Backed Notes 2.986% 15MAR30	920,000	895,528	0.37
650,000	Ford Auto Securitization Trust II Series 2025-B Asset-Backed Notes 3.296% 15AUG31	650,000	618,865	0.25
1,500,000	Glacier Credit Card Trust 3.908% 20SEP30	1,500,000	1,512,585	0.62
		5,924,815	5,959,581	2.44
CANADIAN CORPORATE BONDS				
1,300,000	Allied Properties Real Estate Investment Trust 4.667% 25SEP31	1,300,000	1,292,954	0.53
1,680,000	Bank of Montreal 3.113% 27OCT29	1,680,000	1,670,659	0.68
400,000	Bank of Montreal 4.537% 18DEC28	400,000	414,240	0.17
3,856,000	Canadian Imperial Bank of Commerce 3.80% 10DEC30	3,850,595	3,901,038	1.59
1,225,000	Canadian Imperial Bank of Commerce 4.20% 07APR32	1,236,913	1,241,758	0.51
3,410,000	Canadian Imperial Bank of Commerce 5% 07DEC26	3,475,776	3,481,405	1.42
1,330,000	Canadian National Railway Co. 3.50% 10JUN30	1,327,766	1,334,881	0.54
2,290,000	Canadian National Railway Co. 4.60% 02MAY29	2,331,295	2,388,149	0.97
1,915,000	Central 1 Credit Union 2.391% 30JUN31	1,901,285	1,910,059	0.78
1,920,000	Central 1 Credit Union 5.877% 10NOV26	1,943,017	1,968,941	0.80
640,000	CGI Inc. 3.987% 07SEP27	640,000	649,133	0.27
370,000	Choice Properties Real Estate Investment Trust 2.456% 30NOV26	370,000	369,230	0.15
1,790,000	Coast Capital Savings Federal Credit Union 4.154% 01FEB28	1,790,090	1,808,419	0.74
1,180,000	Coast Capital Savings Federal Credit Union 7.005% 28SEP26	1,180,000	1,214,008	0.50
259,639	Cordelio Amalco GP I 4.087% 30SEP34	273,418	258,245	0.11
2,850,000	CPPIB Capital Inc. 3% 15JUN28	2,862,882	2,864,421	1.17
1,680,000	Dream Summit Industrial LP 4.173% 18SEP30	1,680,000	1,689,828	0.69
1,500,000	Federation des Caisses Desjardins du Quebec 1.992% 28MAY31	1,483,155	1,497,270	0.61
4,100,000	Federation des Caisses Desjardins du Quebec 5.035% 23AUG32	4,242,516	4,222,098	1.72
900,000	Federation des Caisses Desjardins du Quebec 5.467% 17NOV28	900,000	952,938	0.39
900,000	General Motors Financial of Canada Ltd. 3.80% 07NOV30	898,686	893,169	0.36
1,100,000	George Weston Ltd. 4.193% 05SEP29	1,100,000	1,121,461	0.46
2,725,000	Granite REIT Holdings LP 3.062% 04JUN27	2,793,095	2,723,529	1.11
470,000	Honda Canada Finance Inc. 4.873% 23SEP27	479,436	484,500	0.20
2,395,000	Husky Midstream LP 4.10% 02DEC29	2,413,514	2,438,230	1.00
380,000	Hyundai Capital Canada Inc. 3.577% 22NOV27	384,165	383,260	0.16
600,000	iA Financial Corp Inc. 3.072% 24SEP31	598,920	600,966	0.25
1,430,000	iA Financial Corp Inc. 3.187% 25FEB32	1,367,602	1,434,447	0.59
1,890,000	iA Financial Corp Inc. 5.685% 20JUN33	1,913,158	1,991,890	0.81
1,160,000	iA Financial Corp Inc. 6.611% 30JUN82	1,138,750	1,201,122	0.49
900,000	Ivanhoe Cambridge II Inc. 4.994% 02JUN28	900,000	939,465	0.38
1,400,000	Lower Mattagami Energy LP 2.307% 21OCT26	1,484,714	1,396,836	0.57
4,100,000	Manulife Financial Corp. 5.409% 10MAR33	4,102,553	4,281,876	1.75
1,250,000	Manulife Financial Corp. 7.117% 19JUN82	1,242,950	1,301,688	0.53
80,000	Mercedes-Benz Finance Canada Inc. 5.14% 29JUN26	79,991	81,015	0.03
1,830,000	National Bank of Canada 1.534% 15JUN26	1,714,765	1,822,296	0.74
1,200,000	National Bank of Canada 3.522% 17JUL29	1,200,000	1,208,100	0.49
1,150,000	National Bank of Canada 4.333% 15AUG35	1,162,782	1,169,539	0.48
1,600,000	National Bank of Canada 4.968% 07DEC26	1,629,750	1,632,960	0.67
670,000	National Bank of Canada 5.279% 15FEB34	669,987	702,810	0.29
630,000	Oxford Properties Group Trust 3.602% 13NOV30	630,000	626,781	0.26
1,190,000	Reliance LP 5.25% 15MAY31	1,255,819	1,254,391	0.51
3,555,000	RioCan Real Estate Investment Trust 1.974% 15JUN26	3,537,458	3,543,624	1.45
1,000,000	RioCan Real Estate Investment Trust 2.829% 08NOV28	985,750	983,670	0.40
5,290,000	Rogers Communications Inc. 3.65% 31MAR27	5,239,138	5,323,168	2.17
2,790,000	Royal Bank of Canada 3.411% 12JUN29	2,790,000	2,802,778	1.14
1,000,000	Royal Bank of Canada 4.829% 08AUG34	1,045,630	1,038,610	0.42

encasa
Encasa Financial Inc.

SCHEDULE OF INVESTMENT PORTFOLIO

ENCASA CANADIAN SHORT-TERM BOND FUND

December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN CORPORATE BONDS (cont.)				
5,154,000	Royal Bank of Canada 5.096% 03APR34	$ 5,134,080	$ 5,390,259	2.20
2,600,000	Saputo Inc. 2.242% 16JUN27	2,538,468	2,573,896	1.05
1,500,000	Sienna Senior Living Inc. 3.524% 18DEC28	1,500,000	1,502,820	0.61
2,180,000	Sun Life Financial Inc. 2.58% 10MAY32	2,164,566	2,167,182	0.88
710,000	TELUS Corp. 5.60% 09SEP30	768,774	764,798	0.31
470,000	The Bank of Nova Scotia 1.85% 02NOV26	423,837	467,020	0.19
890,000	The Bank of Nova Scotia 3.616% 30JAN32	883,547	886,627	0.36
700,000	The Bank of Nova Scotia 3.807% 15NOV28	708,449	708,673	0.29
1,990,000	The Bank of Nova Scotia 3.836% 26SEP30	2,013,966	2,017,303	0.82
800,000	The Bank of Nova Scotia 3.934% 03MAY32	800,335	808,768	0.33
1,000,000	The Bank of Nova Scotia 4.95% 01AUG34	998,120	1,041,940	0.43
620,000	The Bank of Nova Scotia 7.023% 27JUL82	620,000	646,834	0.26
700,000	The Bell Telephone Co of Canada or Bell Canada 5.15% 14NOV28	699,419	731,500	0.30
2,320,000	The Empire Life Insurance Co. 2.024% 24SEP31	2,215,143	2,303,946	0.94
1,520,000	The Empire Life Insurance Co. 5.503% 13JAN33	1,585,801	1,580,770	0.65
1,490,000	The Toronto-Dominion Bank 3.06% 26JAN32	1,435,873	1,491,505	0.61
1,850,000	The Toronto-Dominion Bank 4.344% 27JAN26	1,848,223	1,851,980	0.76
2,800,000	The Toronto-Dominion Bank 4.477% 18JAN28	2,708,824	2,878,064	1.17
1,050,000	The Toronto-Dominion Bank 4.859% 04MAR31	1,154,068	1,053,822	0.43
390,000	TMX Group Ltd. 4.747% 26MAY26	390,000	393,397	0.16
950,000	Toyota Credit Canada Inc. 3.36% 23MAY28	949,107	954,741	0.39
630,000	Ventas Canada Finance Ltd. 2.45% 04JAN27	628,671	627,304	0.26
1,600,000	WSP Global Inc. 5.548% 22NOV30	1,712,512	1,714,544	0.70
		111,509,104	113,069,548	46.15
CANADIAN FEDERAL BONDS				
8,300,000	Canada Housing Trust No 1 1.60% 15DEC31	7,499,218	7,579,228	3.09
16,300,000	Canada Housing Trust No 1 2.85% 15DEC30	16,254,716	16,118,092	6.58
8,000,000	Canada Housing Trust No 1 4.25% 15DEC28	8,370,245	8,327,680	3.40
16,100,000	Canadian Government Bond 2.25% 01DEC29	15,363,164	15,757,231	6.43
16,400,000	Canadian Government Bond 2.25% 01FEB28	16,314,418	16,274,704	6.64
200,000	Canadian Government Bond 2.75% 01MAR30	198,549	198,852	0.08
1,405,215	Royal Office Finance LP 5.209% 12NOV32	1,491,627	1,514,569	0.62
		65,491,937	65,770,356	26.84
CANADIAN MORTGAGE-BACKED SECURITIES				
308,860	Real Estate Asset Liquidity Trust 2.395% 12JAN2030	308,848	308,848	0.13
235,271	Real Estate Asset Liquidity Trust 3.636% 12NOV2052	252,672	252,672	0.10
		561,520	561,520	0.23
CANADIAN PROVINCIAL/MUNICIPAL BONDS				
750,000	City of Toronto Canada 1.60% 02DEC30	733,365	696,210	0.28
1,200,000	EPCOR Utilities Inc. 3.373% 01OCT30	1,200,000	1,195,992	0.49
380,000	HOOPP Realty Finance Trust 3.568% 27NOV30	380,000	379,172	0.15
1,500,000	Hydro-Quebec 3.40% 01SEP29	1,521,240	1,520,070	0.62
4,200,000	Hydro-Quebec 3.55% 01SEP32	4,266,192	4,211,886	1.72
3,000,000	Hydro-Quebec 6% 15AUG31	3,425,490	3,409,320	1.39
423,947	Ontario School Boards Financing Corp. 5.80% 07NOV28	472,735	445,119	0.18
1,500,000	Province of New Brunswick Canada 3.10% 14AUG28	1,515,675	1,511,595	0.62
13,500,000	Province of Ontario Canada 1.55% 01NOV29	12,526,140	12,809,880	5.23
6,050,000	Province of Ontario Canada 1.85% 01FEB27	5,915,422	6,013,942	2.46
2,000,000	Province of Ontario Canada 2.666356% 19NOV30	2,001,000	2,005,800	0.82
3,300,000	Province of Ontario Canada 3.450391% 21FEB30	3,306,300	3,317,292	1.35
9,100,000	Province of Ontario Canada 4.05% 02FEB32	9,531,169	9,463,545	3.86
1,600,000	Province of Quebec Canada 1.90% 01SEP30	1,532,176	1,516,784	0.62
		48,326,904	48,496,607	19.79
CANADIAN SUPRANATIONALS				
1,480,000	Asian Development Bank 2.60% 20OCT28	1,478,180	1,472,200	0.60
1,500,000	European Investment Bank 1% 28JAN28	1,499,700	1,452,375	0.59
3,300,000	Inter-American Development Bank 4.60% 01MAR29	3,357,270	3,472,491	1.42
1,500,000	International Finance Corp. 2.55% 22JAN29	1,498,140	1,487,445	0.61
		7,833,290	7,884,511	3.22

encasa
Encasa Financial Inc.

SCHEDULE OF INVESTMENT PORTFOLIO

ENCASA CANADIAN SHORT-TERM BOND FUND

December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
CANADIAN T-BILLS				
100,000	Canadian Treasury Bill 0% 14JAN26	$ 99,814	$ 99,814	0.04
790,000	Canadian Treasury Bill 0% 25FEB26	787,370	787,370	0.32
200,000	Canadian Treasury Bill 0% 25MAR26	198,775	198,775	0.08
		1,085,959	1,085,959	0.44
TOTAL INVESTMENTS OWNED		240,733,529	242,828,082	99.11
NET INVESTMENTS OWNED		**$ 240,733,529**	242,828,082	99.11
OTHER ASSETS, NET			2,127,331	0.89
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			**$ 244,955,413**	**100.00**

Statements of Financial Position

(see note 2 in the generic notes)	December 31 2025	December 31 2024
ASSETS		
Investments at fair value	$ **242,828,082**	$ 234,626,573
Cash	**597,777**	1,951,867
Subscriptions receivable	**183,091**	20,828
Dividends receivable, interest accrued and other assets	**1,582,576**	1,620,648
TOTAL ASSETS	**245,191,526**	238,219,916
LIABILITIES		
Due to investment dealers	**–**	1,284,465
Redemptions payable	**56,861**	–
Accounts payable and accrued expenses	**179,252**	167,817
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**236,113**	1,452,282
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	$ **244,955,413**	$ 236,767,634
NUMBER OF REDEEMABLE UNITS OUTSTANDING SERIES A	**24,852,813**	24,151,660
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT SERIES A	$ **9.86**	$ 9.80

Statements of Comprehensive Income (Loss)

For the periods ended December 31 (see note 2 in the generic notes)	2025	2024
INCOME (see note 3 in the generic notes)		
Interest for distribution purposes	**$ 8,066,614**	$ 8,019,569
Net realized gain (loss) on investments	**1,972,833**	219,358
Change in unrealized gain (loss) on investments	**(468,128)**	5,334,440
Consent fee	**2,650**	–
TOTAL INCOME (LOSS)	**9,573,969**	13,573,367
EXPENSES		
Management fees	**1,640,246**	1,610,181
GST/HST	**217,469**	212,320
Audit fees	**30,673**	27,000
Filing fees	**13,075**	13,075
Legal fees	**11,773**	20,345
IRC fees	**10,666**	12,914
Bank charges	**3**	–
TOTAL EXPENSES	**1,923,905**	1,895,835
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**$ 7,650,064**	$ 11,677,532
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT SERIES A	**$ 0.31**	$ 0.48

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the periods ended December 31 (see note 2 in the generic notes)	2025	2024
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	**$ 7,650,064**	$ 11,677,532
Adjustments for non-cash items		
Net realized loss (gain) on investments	**(1,972,833)**	(219,358)
Change in unrealized loss (gain) on investments	**468,128**	(5,334,440)
Change in non-cash balances		
(Increase) decrease in accrued receivables	**38,072**	576,793
Increase (decrease) in accrued payables	**11,435**	(151,588)
Proceeds from sale of investments	**414,727,137**	232,987,402
Purchase of investments	**(422,708,406)**	(220,869,179)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(1,786,403)**	18,667,162
FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	**20,306,201**	15,056,767
Cash paid on redemption of redeemable units	**(19,873,888)**	(32,777,629)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**432,313**	(17,720,862)
Increase (decrease) in cash during the period	**(1,354,090)**	946,300
Cash, beginning of period	**1,951,867**	1,005,567
CASH, END OF PERIOD	**$ 597,777**	$ 1,951,867
SUPPLEMENTAL INFORMATION*		
Interest paid	**$ 3**	$ –
Interest received	**8,103,107**	8,601,198

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

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

	Series A	
For the periods ended December 31 (see note 2 in the generic notes)	**2025**	2024
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, BEGINNING OF PERIOD	**$ 236,767,634**	$ 242,725,736
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**7,650,064**	11,677,532
Proceeds from redeemable units issued	**20,468,464**	15,075,995
Reinvestment of distributions to unitholders	**6,390,040**	5,979,171
Redemption of redeemable units	**(19,930,749)**	(32,711,629)
DISTRIBUTIONS TO UNITHOLDERS*	**(6,390,040)**	(5,979,171)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, END OF PERIOD	**$ 244,955,413**	$ 236,767,634

* For the year ended December 31, 2025, the total distributions from the Fund from net income were $6,390,040 (December 31, 2024 – $5,979,171). The Fund did not make any distributions from capital gains and return of capital.

General Information (see note 1 in the generic notes)

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 the Government of Canada, provincial or territorial governments or their agencies, Canadian chartered banks, Canadian loan or trust companies, and Canadian corporations and with a rating not lower than BBB by an approved credit rating agency.

Financial Instrument Risk and Capital Management (see note 6 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 2025**	December 31 2024
AAA	**34.0**	30.2
AA	**20.1**	23.1
A	**27.1**	31.0
BBB	**18.7**	15.7
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 2025**	December 31 2024
Corporate Bonds	**46.2**	45.6
Federal Bonds	**27.3**	26.8
Provincial/Municipal Bonds	**19.8**	21.5
Supranationals	**3.2**	4.1
Asset-Backed Securities	**2.4**	0.6
Mortgage-Backed Securities	**0.2**	0.5
Cash/Other	**0.9**	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	**December 31 2025**	December 31 2024
Less than 1 year	**8.0**	19.9
1 – 5 years	**63.2**	52.4
5 – 10 years	**27.5**	25.9
> 10 years	**1.3**	1.8
Total	**100.0**	100.0

As at December 31, 2025, 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 2.8% (December 31, 2024 – 2.6%). 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, 2025 and 2024.

December 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Asset-Backed Securities	**–**	**5,959,581**	**–**	**5,959,581**
Corporate Bonds	**–**	**113,069,548**	**–**	**113,069,548**
Federal Bonds	**–**	**66,856,315**	**–**	**66,856,315**
Provincial/Municipal Bonds	**–**	**48,496,607**	**–**	**48,496,607**
Mortgage-Backed Securities	**–**	**561,520**	**–**	**561,520**
Supranationals	**–**	**7,884,511**	**–**	**7,884,511**
	–	**242,828,082**	**–**	**242,828,082**

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Asset-Backed Securities	–	1,469,571	–	1,469,571
Corporate Bonds	–	108,050,860	–	108,050,860
Federal Bonds	–	63,490,263	–	63,490,263
Provincial/Municipal Bonds	–	50,787,445	–	50,787,445
Mortgage-Backed Securities	–	1,153,291	–	1,153,291
Supranationals	–	9,675,143	–	9,675,143
	–	234,626,573	–	234,626,573

For the periods ended December 31, 2025 and 2024, 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	0.80%

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

As at December 31, 2025, management fees of $141,504 (December 31, 2024 – $137,723), included within accounts payable and accrued expenses, were payable to the Manager of the Fund.

Investments by Related Parties ($ except unit amounts)

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

	December 31 2025	December 31 2024
Units held		
Series A	**406,343**	390,712
Value of all units	**4,004,995**	3,830,302

Taxes ($) (see note 7 in the generic notes)

The non-capital and capital losses for the Fund were approximately:

	December 31 2025	December 31 2024
Capital losses	**17,227,701**	19,052,367
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)	**2025**	2024
Series A		
Redeemable units, beginning of period	**24,151,660**	25,363,212
Redeemable units issued	**2,068,704**	1,558,526
Redemption of redeemable units	**(2,015,515)**	(3,389,173)
Reinvestments of units	**647,964**	619,095
Redeemable units, end of period	**24,852,813**	24,151,660

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 20 Dundas St W, Suite 1030, Toronto, Ontario. These financial statements were approved for issuance by the Board of Directors of Encasa Financial Inc. on March 12, 2026.

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 December 31, 2025 and 2024.

3. Summary of Material Accounting Policies

These financial statements have been prepared in compliance with IFRS Accounting Standards. The material 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, including notes and money market instruments, shall be valued at cost plus accrued interest.

Forward Contracts – Forward contracts are valued as the gain or loss that would result from closing the position on that 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 (Loss). 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 realized gain (loss) on investments" in the Statements of Comprehensive Income (Loss). The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date as obtained from an independent source.

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 (Loss). 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 "Net realized gain (loss) on investments" in the Statements of Comprehensive Income (Loss).

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 (Loss) 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 (Loss).

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 (Loss).

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 (Loss) 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.

5. Future Accounting Policy Changes

Presentation and disclosure in financial statements (IFRS 18)

IFRS 18 will replace IAS 1 Presentation and disclosure in financial statements and applies to annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

(i) Entities are required to classify all income and expenses into five categories in the Statement of Comprehensive Income (Loss), namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

(ii) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

(iii) Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the Statement of Cash Flows when presenting operating cash flows under the indirect method. The Funds are still in the process of assessing the impact of the new standard, particularly with respect to the structure of each Fund's Statement of Comprehensive Income (Loss), the Statement of Cash Flows and the additional disclosures required for MPMs. The Funds are also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

6. 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

There are risks associated with any Fund that concentrates its investments in a particular issuer or issuers within a geographical region, asset type, industry sector or market segment. Concentrating investments allows a Fund to focus on a particular issuer's potential or the potential of issuers within the same category, but it also means that the value of the Fund tends to be more volatile than the value of a more diversified Fund because the concentrated Fund's value is affected more by the performance of that particular issuer or issuers in the same category that 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.

Geopolitical Risk

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) can lead to increased short-term market volatility as well as uncertainty around tariffs and may have adverse long-term effects on the Canadian, U.S., and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Fund's investments.

7. 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.

8. Administrative

Portfolio Manager, Registrar and Fund Accounting Agent

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

Principal Distributor

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

Trustee and Custodian

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

Brokers and Dealers

The Manager requires its portfolio sub-advisers to have in place appropriate compliance policies for Best Execution, Broker Selection and The Use of Client Brokerage Commissions.