



FREQUENTLY ASKED QUESTIONS

A. What is changing overall?

- Encasa Financial Inc. (Encasa) is, and remains, an **Investment Fund Manager**. We have overall oversight responsibility for the Social Housing Investment Program (Program). The Program remains a mandated program for Ontario housing providers prescribed in regulations pursuant to the Housing Services Act, 2011 (Ontario)
- Encasa Financial Inc. (Encasa) continues to set investment policies, and hire and oversee other service providers necessary for the operation of the Program. Encasa will also be assuming a more direct role in the oversight of the investment firm hired to make the day-to-day investing decisions for each fund.
- To take on this role we have been registered with the Ontario Securities Commission as a **Portfolio Manager**. This does not have any impact on unitholders. It does mean Encasa will have greater involvement in the day-to-day activities of the Program.
- Encasa currently has a “bundled” service approach – we acquire all of the services needed to operate the Social Housing Investment Funds (Funds) through a set of inter-linked contracts with RBC Global Asset Management (RBC GAM) and Phillips Hager and North Investment Services (PHN).
- Feedback from our investors indicates that they would like Encasa to be more accessible, better able to offer ongoing and direct investor support, and more streamlined in our approach. This means a different approach to **Distribution** (see section D below). To achieve this, we need to end the current contracts and enter into new contracts for each of the services.
- These changes will allow Encasa to better serve unitholders, acquire the best services to support fund operations, at a fair price. This will help Encasa keep our fees as low as possible.
- The diagram attached to the Q&A below illustrates the new approach for Encasa.

B. When will Encasa make these changes?

- The changes for Encasa unitholders will be implemented later this year – most likely at the end of the summer.
- We are asking unitholders to provide us with new account opening information starting in June – that way we have ample time to verify the information and get prepared to make the changes. (see section D below)

C. How do I get more information about these changes?

- You can e-mail us at information@encasa.ca with any questions that you have. For Ontario non-profit unitholders were present at all the ONPHA regional meetings held in April and May. For Ontario co-ops, BC and Alberta unitholders, we will be reaching out directly to you by telephone.
- You can also call us – in Ontario and Alberta call John Osmond at 1-888-791-6671 ext 237. In BC call Joe Hayes at 1-888-791-6671 ext 313.

D. Change in distributor

1. What is changing for Distribution?

- The service provider that provides the Distribution function (processing of unitholder transactions and client reporting) will be changing from PHN to Worldsource Financial Management (WFM). This is part of the overall change noted above.
- The investment advisory services will be provided by an employee of Encasa who is registered to provide investment advice.

2. Who is Worldsource Financial Management (WFM)

- WFM is a leading Canadian investment dealer with a well-regarded reputation for supporting the professional practices of independent advisors. WFM is focused on helping independent advisors deliver a greater level of services to their clients. Encasa chose WFM after conducting a thorough search of independent dealers in Canada.

3. Why is Encasa making this change?

- Feedback from our investors has indicated that they would like Encasa to be more accessible, better able to offer ongoing and direct investor support, and more streamlined in our approach.
- This feedback has prompted a change in how we think about client service and has led us to make changes in the way we operate the Funds, in particular how we distribute the Funds. That means how we sign up new unitholders and how we provide advice and service to our existing unitholders.
- We wanted to switch to a model whereby an Encasa employee is responsible for dealing with you and your transactions and for providing investment advisory services. PHN does not provide such a model, so it was necessary to switch to a different distributor.

4. How does this change affect my investments in the Funds?

- There will no change to your investments.
- The Simplified Prospectus description of what the Funds invests in will not be changing (it is available on the Encasa website). The Statement describes the overriding policy that guides how the Fund is invested, including permitted investments and any restrictions on how the Fund is invested.

5. How does this change affect the Social Housing Investment Program?

- The mandate of the Program is not changing.
- We continue to be focussed on serving non-profit and co-op housing providers and related entities.
- The company providing the distribution services is changing from PHN to WFM and the advisor will be an employee of Encasa whose sole focus will be on you and the other investors in the Program.
- Encasa may choose to change other service providers in the future (see attached Road Map) – all unitholders will be advised of such changes.

6. What are my options as an investor?

- There are no changes to your options as an investor.
- If you are a prescribed unitholder (Ontario investor identified as prescribed in the *Ontario Housing Services Act, 2011*), you continue to be a mandated investor in the Program.
- If you are not a prescribed unitholder, you continue to be a voluntary investor in the Program.

7. What changes will I have to make because of the change in distributor?

- Essentially, we must open new accounts with WFM for your investments. This is similar to when you first opened your accounts in the Program.
- There will be several forms that will have to be completed as part of the process to transfer your account from PHN to WFM.

8. What is the time line for the changes in Distribution?

- We would like to complete the change from PHN to WFM by the end of the summer, but we know it may take a little longer for some unitholders.
- The timing depends in part on how quickly you can return completed forms to us – including an approved Board resolution to open accounts with WFM.
- We will do everything possible to make this as simple a process as we can and move quickly in response to your submitted forms.

9. What assistance will be provided?

- You have been provided with detailed step-by-step instructions on how to complete the forms. To the extent possible, the forms sent to you have been pre-filled.
- We also sent to you in an earlier email an outline of the steps in the change of distribution process (**Road Map**)
- General questions can be directed to John Osmond at 1-888-791-6671 ext 237 or e-mail us at information@encasa.ca

10. Why do I have to complete a Change of Dealer Form?

- This form gives WFM the authority to provide services to you, as an investor and act as the Distributor for the Social Housing Investment Funds.
- Each investor must complete this form before WFM is able to provide you with these services.

11. Why do I have to complete a New Client Application Form (NCAF)?

- The NCAF gives us the authority to open an investment account for you at WFM.
 - This is a new account – we cannot simply transfer the “account” from PHN to WFM
- At the same time as you complete the NCAF we will ask you to complete a few other forms including a Transfer Form and a Client Authorization for Electronic Funds Transfer, which will provide your corporation’s banking information.
- The investments you have in any or each of the Funds will not change unless you ask us to make changes.

12. Why do I have to have the Board pass a resolution giving authority to WFM?

- The Board resolution is required to open an account with WFM.

- This is the same requirement that exists for opening an account with any financial institution.

13. What happens if we do not complete these forms?

- Until the account is transferred to WFM, PHN will continue to process transactions.
- The sooner these forms are completed, the better we can serve you with an Encasa investment advisor.
- These services will be provided for a long period to ensure there is time to make all the transfers from PHN to WFM.

14. What Identification is required?

- WFM only requires the names and address of each Director; Federal ID is not required for the Directors.
- Identification for the person(s) with signing authority for your Corporation will be required.
 - We have elected to use the Credit Check method for verifying identity only as it is the simplest and most efficient for you.
 - The Credit Check Authorization form will be in the package; your information will be protected under Personal Information Protection and Electronic Documents Act.
 - We ask for the social insurance numbers for the signing officers, but if you are uncomfortable providing these it is optional – providing the numbers speeds up our work. WFM destroys this information immediately after we verify an identity.

15. Will we be able to access our funds during these changes?

- Your funds will be accessible to you during the change.
- Before the new account documents are processed access will be as it is currently through PHN.
- You will be notified once the new accounts are opened with WFM (this is likely to happen in September 2018).
- Once the new accounts are open you will access your account through Encasa. We will send you instructions on how to do this.

16. What does the Distributor do?

- A Distributor is a third party that partners with an Investment Fund Manager. In the case of the partnership between Encasa and WFM the services provided by WFM are the oversight (compliance) of Encasa investment advisors, opening and management of investment accounts, reporting to you on your investment in the Funds, and working with the other service providers that provide accounting and fund record keeping support to Encasa.
- WFM is a registered entity with the Mutual Fund Dealers Association (MFDA) and must comply with MFDA policies as well as the relevant securities regulations governing the management of investments.

17. What does an Investment Advisor do?

- An investment advisor is an individual who has the qualifications and credentials to provide investment advice to investors. Importantly, in order to provide this advice, an investment advisor must be registered with one of the Canadian securities regulators.

- The Encasa investment advisors have met the proficiency requirements and are registered. What this means is that they can speak with you about, and make recommendations on, the appropriate mix of the Funds for your short-term and your long-term capital requirements.

18. Will there be any change to the Funds?

- The Simplified Prospectus description of what the Funds invests in will not be changing.
- Encasa is currently assessing the other services being used for the management of the funds and will advise all unitholders of any subsequent changes to the approach to management of the Social Housing Investment Funds.
- We expect to communicate further about any additional changes in Late June or early July 2018.

19. We have a Pre-Authorized Debit (PAD) with PHN – will this be affected?

- As part of the NCAF you will be asked to complete a separate form specific to your PAD that will also provide your banking information to WFM. (Client Authorization for Electronic Funds Transfer).
- Because you have an existing PAD arrangement, we will be contacting you on a priority basis to ensure that the transfers are completed and there is no, or only limited, disruption to the current account arrangements.

20. Our Board does not understand these changes – can someone from Encasa come and speak with us?

- We will be pleased to assist you through these changes.
- We can assist you by telephone, conference call, video call, and, as required, visits with your Board.
- You can appreciate this is an extremely busy time for us in making these changes, as we will try and accommodate all requests for in-person meetings but will encourage you to consider other ways of meeting.

E. Will these changes affect the cost of managing the Social Housing Investment Program?

- There is no impact on the fees we charge for the management of the Social Housing Investment Program.
- In the long-term these changes will better enable us to manage cost increases and maintain the current level of management fees.



www.encasa.ca

What is changing for Encasa?

Currently contracts all services to RBC GAM and PHN



Change to relationship with service providers

