

CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)

As at December 31, 2017

CLASS A

WHY INVEST IN THIS FUND

- Consistent monthly income and rate of return*
- Mortgage investments secured by real property
- Experienced management team

FUND DETAILS

Manager:

Celernus Investment Partners Inc.

Inception Date: May 2013

AUM: 45.3 million

Minimum investment: \$25,000

Advisory fee: 0.85%

Performance fee:

20%; above 4% hurdle

High water mark: Yes

Subscriptions: Weekly

Redemptions: Weekly

Prime Broker:

National Bank Correspondent Network (NBCN)

Auditor: BDO Canada LLP

Administrator:

Convexus Managed Services Inc.

Lawyer: WeirFoulds LLP

Eligible accounts:

RSP, RESP, RRIF, TFSA, cash

FUND CODES

CIP200A - No Load

CIP200B - 1% Dealer Service

INVESTMENT TEAM



Gord Martin, MBA
Managing Partner

Full Bio can be found at www.celernus.com/people

FUND OVERVIEW

The Celernus Mortgage and Income Trust Fund (CMIT) aims to provide investors consistent monthly income while simultaneously protecting capital, primarily through investments in mortgages with a loan to value measure that provides a desirable degree of security of capital. In addition to first and second mortgages, CMIT may also invest in other asset backed debt, government and corporate bonds and debentures, convertible debt, common equities, warrants, preferred shares, trust units, REITs, derivative instruments and other securities.

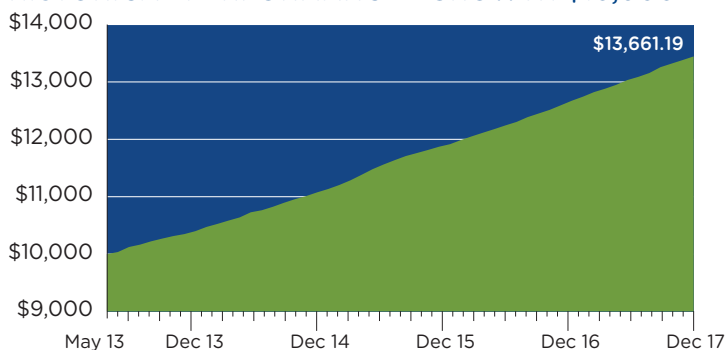
COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
0.57	1.61	3.05	6.55	7.05	-	6.83

MONTHLY RETURNS (%) Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	0.46	0.52	0.64	0.43	0.51	0.77	0.47	0.46	0.48	0.56	0.47	0.57	6.55
2016	0.59	0.48	0.50	0.53	0.49	0.68	0.51	0.51	0.63	0.64	0.55	0.63	6.96
2015	0.63	0.72	0.85	0.87	0.72	0.61	0.62	0.44	0.45	0.48	0.38	0.62	7.63
2014	0.71	0.52	0.54	0.52	0.86	0.32	0.56	0.64	0.57	0.49	0.59	0.53	7.07
2013	-	-	-	-	0.27	0.87	0.42	0.55	0.43	0.47	0.34	0.49	3.90

HISTORICAL PERFORMANCE - GROWTH \$10,000



Number of Mortgages: 97

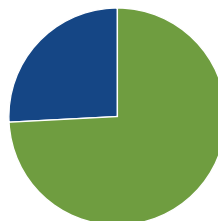
Average Size of Investment: \$440,569

Weighted Average Loan-To-Value: 62.0%

Weighted Average Term to Maturity: 147 days

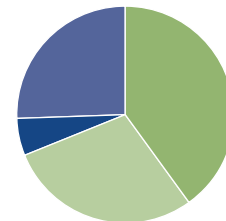
MORTGAGE POSITION

1st Position	74.3%
2nd Position	25.7%
3rd Position or higher	0.0%



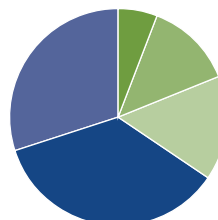
TERM

Within 3 months	40.0%
Between 3 and 6 months	28.9%
Between 6 and 9 months	5.6%
Between 9 and 12 months	25.5%
Greater than 1 year	0.0%



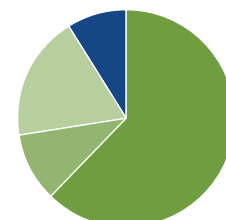
LOAN TO VALUE

40% or lower	6.1%
41 to 50%	12.8%
51 to 60%	15.6%
61 to 70%	35.5%
71 to 80%	30.0%
80% or greater	0.0%



ZONING

Residential	62.4%
Multi-Res	10.3%
Commercial	18.6%
Land	8.7%



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DISTRIBUTIONS (\$)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	0.040	0.040	0.099	0.040	0.040	0.046	0.040	0.040	0.083	0.040	0.040	0.103	0.651
2016	0.040	0.040	0.091	0.040	0.040	0.084	0.040	0.040	0.082	0.040	0.040	0.084	0.661
2015	0.040	0.040	0.134	0.040	0.040	0.140	0.040	0.040	0.073	0.040	0.040	0.210	0.877
2014	0.040	0.040	0.089	0.040	0.040	0.097	0.040	0.040	0.085	0.040	0.040	0.063	0.656
2013	-	-	-	-	-	-	-	-	-	-	-	0.257	0.257

COMMENTARY

The Celernus Mortgage and Income Trust Fund's return for the fourth quarter of 2017 was 1.61%, in line with our expectations.

While the Fund experienced an increase in the number and value of mortgages in arrears towards the end of the quarter, that situation began to reverse itself quickly in early 2018 as we were repaid on a large default and several other mortgages in arrears were brought up to date. While there is one large mortgage still in arrears, the property has been sold for an amount that will be more than sufficient to repay our mortgage in full upon closing, which is expected in the second quarter of 2018. As such, we believe the portfolio stands in excellent position for 2018.

As the result of a number of repayments, the Fund's cash levels in early 2018 are somewhat higher than usual. Deal flow is increasing and we expect to be back to a fully invested position by the end of the first quarter. The impact of the regulatory changes requiring mortgagors to qualify at higher interest rates took effect at the start of 2018. We expect this to increase the number and quality of mortgages available for the Fund to invest in. However, it is early and the jury is still out.

In Ontario, residential single detached home prices stabilized somewhat in the fourth quarter of 2017 and, despite the price decline during the second and third quarters, finished 2017 at 7.7% higher than 2016. We expect a relatively stable market in 2018 as the economy remains relatively strong. Our previously expressed bias towards moderately increasing interest rates remains intact for 2018. In light of our continued conservative stance towards the valuation, the average loan-to-value of the portfolio has been reduced further, to below 65%. Protecting capital will remain the key focus for us in 2018.

ABOUT US

Celernus manages investment funds for high-net-worth individuals and institutions. Our lineup of actively managed, low-fee solutions are built to help investors achieve long-term financial success. We manage our portfolios with a lower-volatility approach while also focusing on alpha generation and absolute returns.

CONTACT US

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*DISCLAIMER

Information about the Celernus Mortgage and Income Trust Fund (the "Fund") is not to be construed as a public offering of securities in any jurisdiction of Canada. This Fund Fact sheet is for information purposes only and does not constitute an offer to sell or a solicitation to buy any securities referred to herein. The offering of units of the Fund is made pursuant to an Offering Memorandum and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about the Fund, including a statement of the Fund's fundamental investment objectives and risks, is contained in the Offering Memorandum, a copy of which may be obtained from Celernus Investment Partners Inc. or by contacting your advisor. Please read the Offering Memorandum carefully before investing. Unit values and investment returns will fluctuate. You are encouraged to speak with a tax advisor as any distributions paid as a result of capital gains realized by the Fund and income and dividends earned by the Fund are taxable in the year they are paid to you. The Funds are not guaranteed, their values change frequently and past performance may not be repeated. Past performance does not guarantee future results. Unit value and investment returns will fluctuate and there is no assurance that a fund can maintain a specific net asset value. All amounts herein are in Canadian dollars unless otherwise noted.