

# CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)



As at September 30, 2018

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:** 50.5 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 Independent Network (NBIN)

**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](http://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.

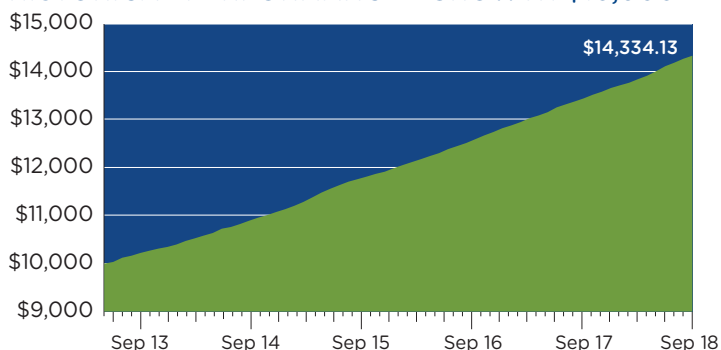
## COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
0.45	1.55	3.53	6.63	6.67	6.90	6.81

## MONTHLY RETURNS (%) Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.41	0.39	0.55	0.51	0.68	0.75	0.52	0.58	0.45	-	-	-	4.94
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: 114

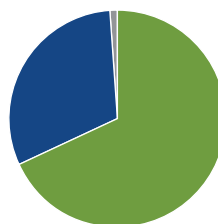
Average Size of Investment: \$508,259

Weighted Average Loan-To-Value: 66.0%

Weighted Average Term to Maturity: 123 days

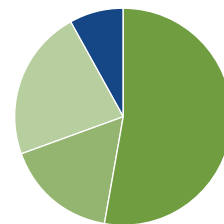
## MORTGAGE POSITION

1st Position	68.2%
2nd Position	30.8%
3rd Position or higher	1.0%



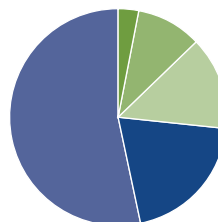
## TERM

Within 3 months	52.9%
Between 3 and 6 months	16.8%
Between 6 and 9 months	22.4%
Between 9 and 12 months	8.0%
Greater than 1 year	0.0%



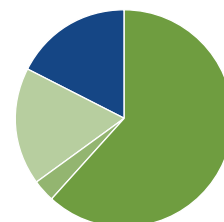
## LOAN TO VALUE

40% or lower	3.1%
41 to 50%	9.9%
51 to 60%	13.8%
61 to 70%	20.0%
71 to 80%	53.3%
80% or greater	0.0%



## ZONING

Residential	61.7%
Multi-Res	3.4%
Commercial	17.5%
Land	17.4%



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## DISTRIBUTIONS (\$)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.040	0.040	0.056	0.040	0.040	0.107	0.040	0.040	0.095	-	-	-	0.498
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

Mortgage deal flow continued to be strong during the third quarter. Over the period, we added a significant new supplier of mortgage investments at highly attractive rates and loan-to-value metrics below 65%. Demand for private capital continues to be high, despite the 9.8% decline in home sales projected by the Canadian Real Estate Association (CREA) in 2018. While prices in Ontario are estimated to have declined by -1.7% during 2018, CREA is also projecting a strong rebound of 3.3% in 2019. The 2018 decline was driven largely by price declines of higher priced homes in the Toronto market.

At Celernus, our view is tempered with more caution. We believe it is clear that we have entered the mature phase of the economic cycle. Interest rates have finally begun to trend upwards and we expect this to continue through 2019. We anticipate that rising rates should put added pressure on affordability and provide a significant headwind for potential price increases. The political maneuvering to try and contain prices initiated in 2017 appears to have been largely successful in light of the slowing market and arresting prices. Barring any further political intervention, we expect relatively stable prices through 2019.

The portfolio of mortgage investments continued to perform to expectations over the last quarter. The portfolio did not experience loan losses and the dollar-weighted average loan-to-value for the portfolio declined to approximately 66%. The outlook for the fourth quarter of 2018 is highly positive. We expect to reinvest a significant number of maturing investments at attractive rates and valuations.

## 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

### Celernus Investment Partners Inc.

1001 Champlain Avenue,  
Suite 302  
Burlington, Ontario  
L7L 5Z4

289.863.1333  
fax 1.855.870.7464  
info@celernus.com

## \*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.