

# CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)



As at June 30, 2019

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:** 56.8 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.

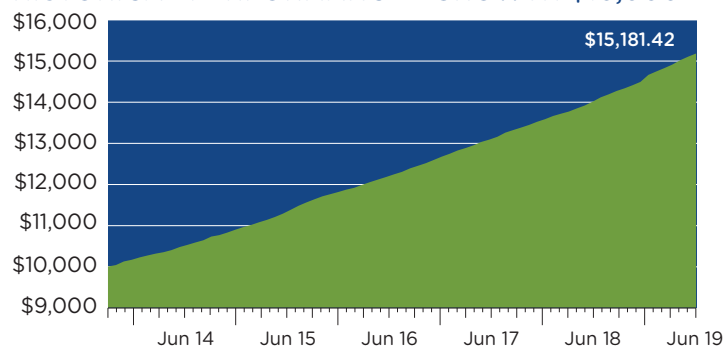
## COMPOUND RETURNS (%) Class A

| 1 MONTH | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS | INCEPTION |
|---------|----------|----------|--------|---------|---------|-----------|
| 0.51    | 1.82     | 3.56     | 7.58   | 7.03    | 7.12    | 6.95      |

## MONTHLY RETURNS (%) Class A

|      | JAN  | FEB  | MAR  | APR  | MAY  | JUN  | JUL  | AUG  | SEP  | OCT  | NOV  | DEC  | YTD  |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2019 | 0.57 | 0.54 | 0.58 | 0.72 | 0.58 | 0.51 | -    | -    | -    | -    | -    | -    | 3.56 |
| 2018 | 0.41 | 0.39 | 0.55 | 0.51 | 0.68 | 0.75 | 0.52 | 0.58 | 0.45 | 0.53 | 0.56 | 1.19 | 7.34 |
| 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: 153

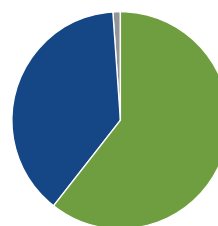
Average Size of Investment: \$393,269

Weighted Average Loan-To-Value: 62.6%

Weighted Average Term to Maturity: 111 days

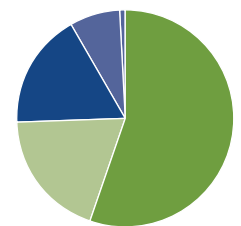
## MORTGAGE POSITION

|                        |       |
|------------------------|-------|
| 1st Position           | 60.6% |
| 2nd Position           | 38.4% |
| 3rd Position or higher | 1.0%  |



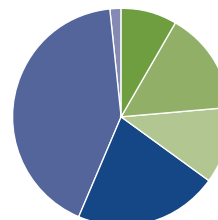
## TERM

|                         |       |
|-------------------------|-------|
| Within 3 months         | 55.5% |
| Between 3 and 6 months  | 19.2% |
| Between 6 and 9 months  | 17.2% |
| Between 9 and 12 months | 7.3%  |
| Greater than 1 year     | 0.8%  |



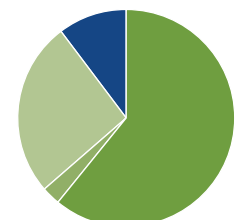
## LOAN TO VALUE

|                |        |
|----------------|--------|
| 40% or lower   | 8.6%   |
| 41 to 50%      | 15.2%  |
| 51 to 60%      | 11.21% |
| 61 to 70%      | 21.6%  |
| 71 to 80%      | 41.8%  |
| 80% or greater | 1.6%   |



## ZONING

|             |       |
|-------------|-------|
| Residential | 60.9% |
| Multi-Res   | 2.7%  |
| Commercial  | 26.3% |
| Land        | 10.1% |



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CLASS A

## DISTRIBUTIONS (\$)

|      | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | YTD   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2019 | 0.040 | 0.040 | 0.124 | 0.040 | 0.040 | 0.134 | -     | -     | -     | -     | -     | -     | 0.418 |
| 2018 | 0.040 | 0.040 | 0.056 | 0.040 | 0.040 | 0.107 | 0.040 | 0.040 | 0.095 | 0.040 | 0.040 | 0.100 | 0.678 |
| 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

During the second quarter of 2019, the Fund's performance was in line with expectations, returning 1.82% for the quarter and a 3.56% return year-to-date. During June, the Fund experienced a significant number of loans being repaid upon maturity, a trend that we anticipate will continue throughout the summer months. Fortunately, the pipeline of potential mortgage investments remained robust, providing an opportunity for the reinvestment of capital at good rates and the generation of additional fee revenue for the Fund. During the period, the number of mortgages in the Fund increased by 16 to 153 and the average mortgage size decreased slightly to \$393,269. More importantly, the dollar-weighted average loan-to-value for the mortgage portfolio decreased by 1.5% to 62.6% as we worked to protect capital.

Canadian home sales on the multiple listing service (MLS) system rose by 1.9% in May. This followed gains in both March and April, moving sales back towards their historical averages. While the increases were not uniform across the country, about half of markets experienced a sales decline. The country was led by gains in a majority of larger markets, including the Greater Toronto and Greater Vancouver Areas. Anecdotally, through discussions with realtors and from witnessing mortgagors requiring more lengthy periods to sell properties, it is our opinion that the market remains somewhat soft.

As a result of a decrease in new listings, coupled with increased sales, inventory supply (as measured in months) decreased from a high of 5.6 months in February to 5.1 months in May. Among Greater Golden Horseshoe housing markets tracked by the MLS Home Price Index, benchmark home prices were up from a year ago in Guelph (+5.7%), the Niagara region (+5.4%), Hamilton-Burlington (+3.4%), Oakville-Milton (+3.4%) and the Greater Toronto Area (+3.1%). By contrast, home prices in Barrie and district held below a year ago (-6.1%). Home prices rose 8% year over year in Ottawa (led by a 12.2% increase in townhouse and row unit prices) and 6.3% in Greater Montreal. All statistics were gathered from the Canadian Real Estate Association (CREA).

For the remainder of 2019 and into 2020, we expect interest rates to remain low and possibly trend slightly lower as economic growth slows. Our outlook for the Fund remains unchanged from the beginning of 2019.

## \*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.

## 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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