

December 31, 2019

Investment Objectives:

1. Achieve high single-digit returns. Consistently.
2. Make variability of returns low. Lower than bonds. Way lower than equities.
3. Generate uncorrelated returns to those of bond and equity markets.
4. Help small and medium-sized businesses grow.

***8.57%**
Year-End 2019

Fund Details

Manager:

Celernus Investment Partners Inc.

Sub-Adviser:

Pivot Financial Services Inc.

Fund Status:

OM, Continuous Offering

Fund Structure:

Mutual Fund Trust

First Funding Date:

Nov 2018

Minimum Investment: \$25,000

Advisory fee: 2.0%

Performance fee: 20%

High water mark: Permanent

Subscriptions: Monthly

Redemptions: Quarterly (with 90 days notice)

Auditor: KPMG LLP

Administrator:

Convexus Managed Services Inc.

Legal Counsel: WeirFoulds LLP

Eligible Accounts:

RSP, RESP, RRIF, TFSA, Cash

Portfolio Manager:

Christopher Grant, CFA
Senior Partner

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01 How We've Performed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.39	0.65	0.62	0.45	0.55	0.58	1.46	0.82	0.81	0.73	0.54	0.66	8.57%
2018											0.07	0.10	0.17%

02 What's Happening in the Fund?

Fund Statistics	
Cumulative Return	8.76%
Sharpe Ratio	6.92
Total Positive Months	14
Total Down Months	0
Maximum Loan Value	\$ 3,000,000
Minimum Loan Value	\$ 120,000
Weighted Average Loan Value	\$ 1,878,260
Weighted Average Term	287 days
Number of Full Realized Exits	3
Value of Full Realized Exits	\$ 4,141,700

- Strong risk-adjusted performance
- Diversity of loan size
- Average term of less than one year provides good liquidity
- Three full exits in 2019

Substantially exited this position

03 Where We're Allocating Capital

GICS Sub-Industry	Facility Type	Description
Diversified Financial Services	Bridge	Providing working capital to private equity investment company
Movies and Entertainment	Bridge	Providing tax-credit financing to media visual - effects company
Diversified Financial Services	Term	Providing working capital to finance I.T. infrastructure leases
Diversified Financial Services	Bridge	Providing working capital to real estate mortgage lender
Oil & Gas Equipment and Services	Bridge	Providing working capital to energy services supplier
Diversified Financial Services	Term	Providing acquisition financing to investment advisory company
Household Products and Manufacturing	Term and A/R Factoring	Providing working capital to manufacturer of home care products
Electronic Equipment & Instruments	Bridge	Providing tax-credit financing to artificial intelligence robotics company
Diversified Financial Services	Term	Providing working capital to investment advisory company



04 Liquidity vs. Rationality

“Look up. Wa-aa-aa-aay up.”

In the early 1980s, this was how the Friendly Giant invited young and impressionable children to spend 30 precious T.V. minutes with him and his two fabric friends, Jerome the Giraffe and Rusty the Rooster.

In the fourth quarter of 2019, this is how investors describe the year-end location of their portfolio equity lines.

U.S. and Canadian equity indices both moved higher in Q4 with the S&P 500 surging an almost farcical 9.00% and the S&P/TSX Composite ascending a mere 3.1%.

The U.S. result was principally driven by new liquidity that the Federal Reserve began to conveniently re-inject into the veins of the financial system via repo facilities. Given that U.S. PMI and manufacturing data were both woefully negative over the same period, the timing of the injection was prescient. Liquidity trumps lucidity. Again.

The **Celernus Pivot Private Credit Fund** closed out its first full calendar year with a more rational return of 8.57%. We are pleased with this effort.

Among the highlights of the year are three full exits as well as the substantial repayment of a fourth position. Included in the repayments are a bridge facility to a Canadian company operating in the telecom space, a bridge loan to the production company of a Hollywood motion picture, and the meaningful paydown of a bridge loan to a private equity investment enterprise.

In Q4, the fund entered into a new lending arrangement with a private oilfield service company based in Alberta, Canada. The company wields a senior team that provides managed pressure drilling equipment and expertise across the globe. We are looking forward to this new relationship.

As the fund grows, so too does its access to larger, high quality deals. This is positive for current investors in the fund, as well as new ones, because it increases the fund’s ability to source the most attractive deals while attaching to the highest quality collateral.

Regardless of the dynamics of public equity and fixed income markets, we look forward to robust deal flow and a prosperous 2020 for the Celernus Pivot Private Credit Fund.

DISCLAIMER

Information about the Celernus Pivot Private Credit Fund (the “Fund”) is not to be construed as a public offering of securities in any jurisdiction of Canada. This Fund presentation 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, or absence of historical performance in the case of a new fund, 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.

Why Invest in CPPCF?

Strong Returns and Cash Flow

- Relative to other fixed income vehicles, secured private commercial lending is expected to generate superior returns that are closer to those provided by equity indices over a market cycle
- Downside risk is nearer that of fixed income indices

Low Correlation to Equity and Bond Market Index Returns

- Secured private commercial lending arrangements in the SME market tend to have low interest rate sensitivity
- Returns are driven by the lending rates associated with portfolio deals while downside risk is managed by accurate assessment of collateral value

Portfolio Advantages

- Incorporation of secured private commercial lending reduces reliance on the equity risk premium to drive portfolio returns
- Price volatility is lower than that of publicly traded fixed income securities because private lending arrangements are priced at value rather than marked-to-public-market

About Celernus

Celernus Investment Partners manages investment funds for high-net-worth individuals and institutions with a focus on active management of private credit and real estate assets.

Our goal is to generate attractive returns, with low volatility, that exhibit minimal correlation to the returns of broad-based fixed income and equity indices.

Our funds include:

Celernus Pivot Private Credit Fund CPPCF | CIP600A

Celernus Mortgage and Income Trust CMIT | CIP200A/B

Celernus Absolute Growth Fund CAGF | CIP100A

Celernus Credit Opportunities Fund CCOF | CIP500A