

December 31, 2019

Investment Objectives:

1. Construct a diversified portfolio of short-term, privately-funded mortgages.
2. Achieve mid-to-high single-digit returns. Consistently.
3. Make variability of returns low. Lower than bonds. Way lower than equities.
4. Generate uncorrelated returns to those of bond and equity markets.

***8.51%**
Year-End 2019

Fund Details

Manager:

Celernus Investment Partners Inc.

Fund Status:

OM, Continuous Offering

Fund Structure:

Mutual Fund Trust

Inception Date: May 2013

AUM: \$68,000,000

Minimum Investment: \$25,000

Advisory fee: 0.85%

Performance fee:

20% above 4% hurdle

High water mark: Permanent

Subscriptions: Weekly

Redemptions: Weekly

Prime Broker:

National Bank Independent Network

Auditor: KPMG LLP

Administrator:

Convexus Managed Services Inc.

Legal Counsel: WeirFoulds LLP

Eligible Accounts:

RSP, RESP, RRIF, TFSA, Cash

Portfolio Manager:

Gord Martin, MBA

Managing Partner, Celernus

Contact Us

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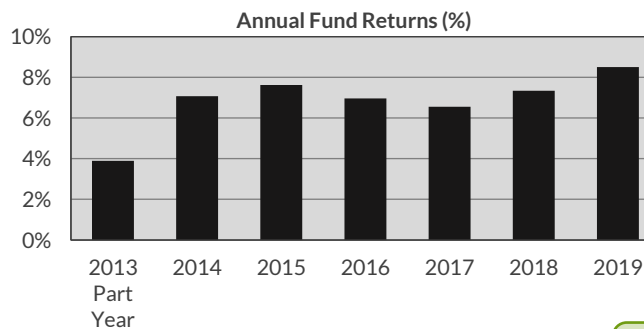
www.celernus.com

01 How We've Performed

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Inception
	1.31%	2.70%	4.78%	8.51%	7.46%	7.40%	7.16%

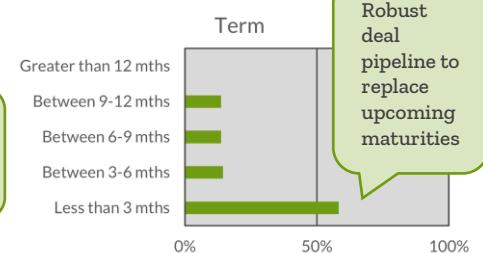
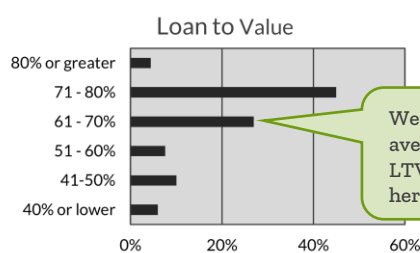
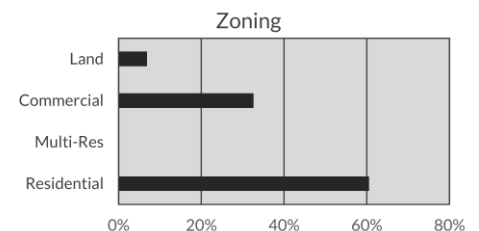
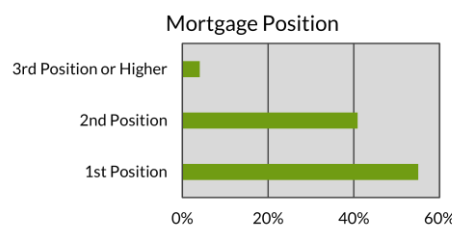
Never a down month
Never even a down week*

	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	0.89	0.60	0.53	0.68	0.70	1.31	8.51%
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%



Number of Mortgages: **159**
Average Mortgage Size: **\$421,661**
Weighted Average Loan-to-Value: **65.72%**
Weighted Average Term-to-Maturity: **121 Days**

02 What's Happening in the Fund?



Robust deal pipeline to replace upcoming maturities



03 CMIT Commentary

The Celernus Mortgage and Income Trust posted the highest annual return of its six-and-a-half year history. This was a function of robust deal flow, attractive lending rates and stable asset prices. The return was helped in December by the recognition of interest connected to a significant portfolio holding.

Looking ahead to 2020, we note that the Canadian Real Estate Association (CREA) suggests economic evidence is consistent with improving housing activity in 2020.

Mortgage interest rates have declined, including the Bank of Canada's benchmark five-year rate used by Canada's largest banks to qualify applicants under the B-20 mortgage stress-test.

Population and employment growth continue to increase (outside of the oil-producing provinces) and this is proving constructive to consumer confidence.

Furthermore, the Bank of Canada is expected to not raise its benchmark overnight rate target in 2020.

As national sales trends improved over the back half of 2019, new listings fell. This, combined with a positive economic backdrop, has created a problem of supply going into the new year. Excluding the Prairies together with Newfoundland and Labrador, the number of homes available in the rest of Canada is at a 15-year low.

Where demand is high and supply is low, asset prices tend to rise. As such, the national average home price rose about 2.3% over 2019 to just over \$500,000. Robust gains in Ontario, Quebec and the Maritimes are tempered by price declines in the three westernmost provinces, together with Newfoundland and Labrador. This trend is forecast to continue in 2020. At present, 92% of funds holdings are domiciled in Ontario, while 6% are located in Quebec.

In previous years, we have noted a seasonality to Q1 deal flow that has seen initial light supply grow more robust into Q2. As such, we anticipate that we will see modest early-year rate compression that will unwind as spring approaches and housing activity picks up.

We look forward to prosperous 2020!

Why Invest in CMIT?

Strong Returns and Cash Flow

- Relative to other fixed income vehicles, private mortgage investing is expected to generate superior returns over a market cycle
- Downside risk is nearer that of fixed income indices

Low Correlation to Bond Market Index Returns

- Private mortgage investing has low interest rate sensitivity whereas public fixed income market returns are principally driven by interest rate dynamics.

Portfolio Advantages

- Incorporation of private mortgage investing reduces reliance on the equity risk premium to drive portfolio returns. This serves to reduce the portion of portfolio volatility typically driven by equities
- Price volatility is also lower than that of publicly traded securities because private mortgage investments 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 Mortgage and Income Trust [CMIT | CIP200A/B](#)

Celernus Pivot Private Credit Fund [CPPCF | CIP600A](#)

Celernus Absolute Growth Fund [CAGF | CIP100A](#)

Celernus Credit Opportunities Fund [CCOF | CIP500A](#)

DISCLAIMER

*Information about the Celernus Mortgage and Income Trust (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.