

CELERNUS Mortgage and Income Trust

CMIT | FundSERV: CIP200A

March 31, 2020

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.

***1.60%**
Q1 2020 Return

Fund Details

Manager:

Celernus Investment Partners Inc.

Fund Status:

OM, Continuous Offering

Fund Structure:

Mutual Fund Trust

Inception Date: May 2013

AUM: \$67,000,000

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

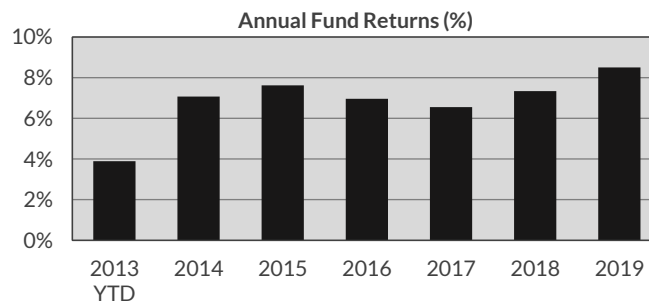
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01 How We've Performed

1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Inception
0.59%	1.60%	4.34%	8.40%	7.45%	7.27%	7.14%

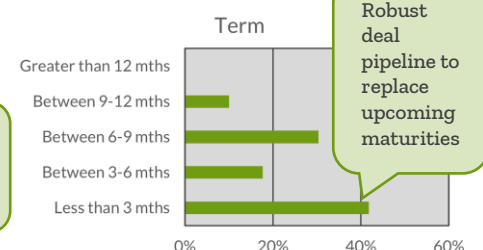
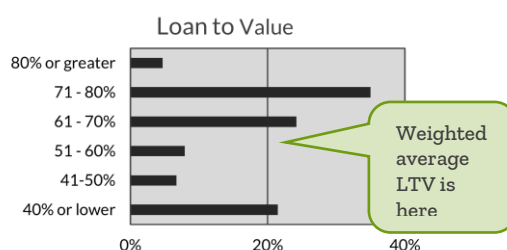
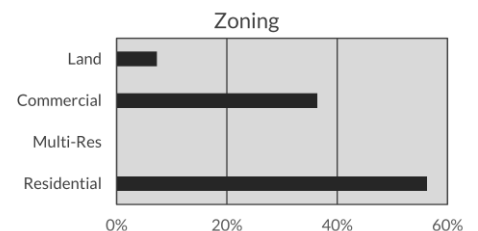
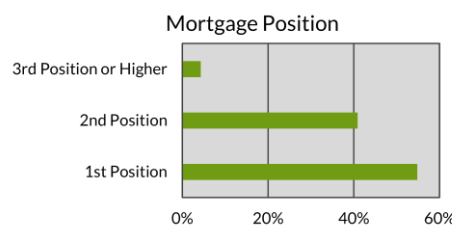
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.48	0.52	0.59										1.60%
2019	0.57	0.54	0.58	0.72	0.58	0.51	0.89	0.60	0.53	0.68	0.70	1.31	8.51%
2018	0.41	0.39	0.55	0.51	0.68	0.75	0.52	0.58	0.45	0.53	0.56	1.19	7.34%
2017	0.46	0.52	0.64	0.43	0.51	0.77	0.47	0.46	0.48	0.56	0.47	0.57	6.55%
2016	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%

Positive return amid a Q1 sea of red



Number of Mortgages: **145**
Average Mortgage Size: **\$436,613**
Weighted Average Loan-to-Value: **58.62%**
Weighted Average Term-to-Maturity: **105 Days**

02 What's Happening in the Fund?





03 CMIT Commentary

The Celernus Mortgage and Income Trust (CMIT) posted another quarter that was in-line with our expectations. Typically, the first three months of the year are the slowest for deal flow and 2020 proved to be no exception. We were just starting to see evidence of the usual seasonal acceleration in the pace of new mortgage investment opportunities when COVID-19 slowed the market. According to the Canadian Real Estate Association (CREA), home sales through the MLS system in Canada declined 14.3% in March as compared to February but actually increased 7.8% versus March 2019. The decline took hold in the latter stages of the month as governments, businesses, and individuals ramped up mitigation efforts to slow the spread of the virus. However, the decline in sales was matched by a 12.5% decline in new listings as well. Prices rose for the month on both a year-over-year and month-over-month basis.

In CMIT, there has been very little impact on the fund. Only a small number of borrowers requested a modification to their April 1st payment as a result of the COVID-19 mitigation effort. Additionally, we had fewer NSF (non-sufficient funds) on April 1st than in most months. The portfolio loan-to-value ratio remains at historically normal levels and we are able to replace maturing mortgage investments with new, high-quality investments at attractive rates.

The portfolio of mortgage investments has performed exceptionally well during this period. Please be safe and look after friends and family. We look forward to continued success throughout 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

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