

March 31, 2020

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.

***2.10%**
Quarter 1 2020

Equities and high yield bonds had double-digit losses over this period

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
2020	0.77	0.64	0.67										2.10%
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	11.04%
Sharpe Ratio	7.99
Total Positive Months	17
Total Down Months	0
Maximum Loan Value	\$ 3,500,000
Minimum Loan Value	\$ 83,000
Weighted Average Loan Value	\$ 2,134,000
Weighted Average Term	295 days
Number of Full Realized Exits	5
Value of Full Realized Exits	\$ 6,261,700

- Strong performance in a very difficult Q1 environment
- Diversity of loan size
- Average term of less than one year provides good liquidity
- Two exits in Q1 2020

03 Where We're Allocating Capital

GICS Sub-Industry	Facility Type	Description
Diversified Financial Services	Bridge	Providing working capital to private equity investment company
Technology Hardware, Storage and Peripherals	Bridge	Providing working capital to facilitate corporate transition
Diversified Financial Services	Term	Providing working capital to finance I.T. infrastructure leases
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 internet-of-things software and electronics designer
Diversified Financial Services	Term	Providing working capital to investment advisory company
Movies and Entertainment	Bridge	Providing tax-credit financing to visual-effects company



04 Navigating the Absurd

"Sweet Lincoln's mullet!" – Ron Burgundy

Look, sometimes when you see the absurd, you need to say the absurd. Without a doubt, what we are seeing is patently absurd.

In the final six weeks of Q1 2020, equity markets experienced: 1) an all-time market high, 2) an **entire** bear market, and 3) a 20%+ rally qualifying a new bull market.

Over the same period, high yield bonds (HYG.US) sold off by 22% before rallying 15%. Crude oil lost two-thirds of its value with no relief rally at all.

Absurd.

In Q1 2020, the Celernus Pivot Private Credit Fund was able to maintain at least one foot in the land of the rational, posting a positive return of 2.10% – equating to a rolling one-year return of 8.54%.

Among the highlights of the quarter was the welcoming back of a previous client with an opportunity to provide credit intended to facilitate an important corporate transaction.

Over this period, the fund also increased its exposure to technology infrastructure lease contracts. We are pleased with these contracts because they are backed by companies and institutions of very high credit quality.

Also of note was the repayment of one of the fund's larger loans that had been issued to a mortgage and real estate-oriented financial services company.

Finally, the fund received repayment of its first Scientific Research & Experimental Development (SR&ED) –backed facility. We are constructive on loans backed by SR&ED credit collateral because the counterparty to this collateral is the Federal government. At present, the government is particularly incented to expeditiously return money to job-creating Canadian businesses (which in turn, pays back our loans). Because of this, we entered into a second SR&ED-backed loan during the quarter.

Given the forced slowdown in worldwide economies, we are hyper-aware of the need to maintain strong lines of communication with the fund's current borrowers. We are pleased with their competency and professionalism, as well as the resiliency of the companies they lead.

During this period of uncertainty, we continue to allocate capital with deep thought and care – doing our best to balance prudence with fortitude.

All the while practicing social distancing!

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