

CELERNUS Mortgage and Income Trust

CMIT | FundSERV: CIP200A

June 30, 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.

***7.75%**
1-Year Return

Maintaining attractive 1-year return with low volatility

Fund Details

Manager:

Celernus Investment Partners Inc.

Fund Status:

OM, Continuous Offering

Fund Structure:

Mutual Fund Trust

Inception Date: May 2013

AUM: \$63,600,000

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

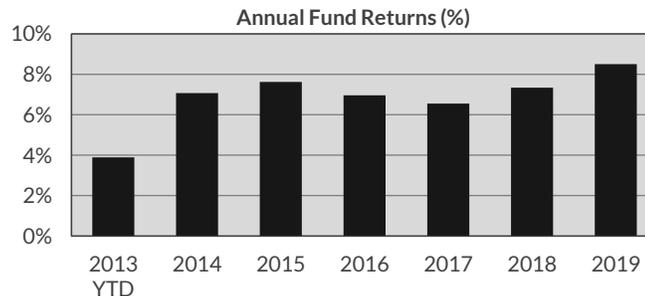
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01 How We've Performed

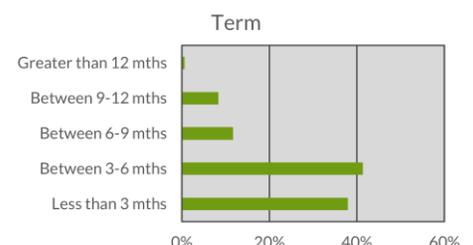
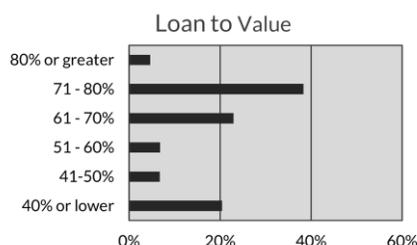
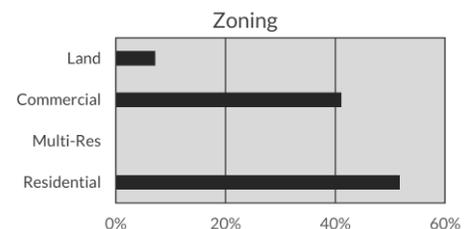
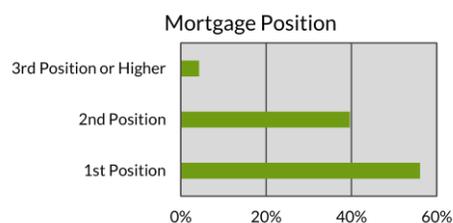
1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Inception
0.39%	1.21%	2.83%	7.75%	7.27%	7.06%	7.06%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.48	0.52	0.59	0.43	0.38	0.39							2.83%
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: **136**
Average Mortgage Size: **\$471,028**
Weighted Average Loan-to-Value: **59.45%**
Weighted Average Term-to-Maturity: **131 Days**

02 What's Happening in the Fund?





03 Sometimes the Best Offence is Defence

The second quarter of 2020 was certainly the most unique period since I began managing the mortgage fund 7 years ago. Our emphasis has always been on preserving capital, and that focus has intensified as investors worldwide are struggling to understand both the shorter and longer-term risks posed by the COVID-19 crisis.

Massive monetary and fiscal stimulus by governments and central banks has created stability in financial markets and driven a remarkable rebound in stock markets. Canada and Europe have, to this point, beaten back the virus and are reopening cautiously and so far, successfully.

The picture in the US is unfortunately very different. The politicization of the pandemic response has led to the early reopening of the economy in many states. The result has been a significant portion of the population failing to heed the advice of the CDC and medical experts with regards to physical distancing and other safety precautions, such as face coverings, to reduce the spread of the virus. As I write today, new daily cases south of the border just hit a record high.

Many less-developed economies such as Brazil, Peru and Chile in South America, India and Bangladesh in Asia, and South Africa and Egypt in Africa are experiencing increasing cases. In fact, the number of new cases worldwide continues to hit new daily highs – almost 200,000 per day at last count.

In this environment, real estate prices have remained very stable. In late March and April, the volume of house sales as measured on the National MLS systems declined precipitously; however, home prices experienced only a very modest decline. In May, sales rebounded by a record 56.7%; albeit, off an extremely low base from April. The average home price declined by 2.6% in May from May of the previous year, but the Aggregate Composite MLS Home Price Index (HPI) which corrects to account for distortions in the mix of housing sales from one month to the next rose by 5.3% year over year.

The fund return for the second quarter was 1.21%. This quarterly return was the lowest on record for the fund, as we halted new investments to protect capital and liquidity while assessing the general market conditions. Given the huge uncertainty surrounding asset valuations, this was the only prudent course of action to protect our investor assets. Economic conditions remain highly uncertain. As we begin to make new investments, we continue to exercise great caution when evaluating their particular merits.

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.

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