

June 30, 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.

***5 Exits**
Quarter 2, 2020

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	0.66	0.59	0.54							3.94%
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	13.04%
Sharpe Ratio	8.56
Total Positive Months	20
Total Down Months	0
Maximum Loan Value	\$ 4,000,000
Minimum Loan Value	\$ 78,400
Weighted Average Loan Value	\$ 2,382,913
Weighted Average Term	234 days
Number of Full Realized Exits	10
Value of Full Realized Exits	\$ 9,240,000

- Improved Sharpe Ratio (return per unit of risk)
- Big and small loans
- Nine fundings in Q2, 2020
- Five exits in Q2, 2020

Exited all SR&ED-secured facilities profitably

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
Diversified Financial Services	Bridge	Providing working capital to company engaged in asset restitution
Diversified Financial Services	Term	Providing working capital to investment advisory company
Consumer Discretionary	Term	Providing working capital to manufacturer of DIY home improvement products



04 Positive Returns and Extended Timelines

The Celernus Pivot Private Credit Fund (CPPCF) returned 1.80% over the second quarter of 2020, resulting in a YTD return of 3.94%.

This represents one of the lower quarterly returns that the fund has generated since inception in 2018. It was a positive return, but it was a lower positive return.

The reason? The fund carried cash that was to be allocated to specific deals. We found that during the more fiery part of the COVID pandemic, it took longer to push new deals across the finish line. So, returns were slightly depressed due to cash drag.

As businesses return to their pre-COVID operational routines, we expect that deal-closing timelines will shorten and the fund's cash drag will decrease substantially.

COVID-19 notwithstanding, Q2 2020 was still very busy.

CPPCF participated in nine fundings during this period.

Among them were two SR&ED-backed deals. When we advanced on these deals, we believed that the Canadian government was particularly incensed to pay the refunds back to the claiming companies with little pushback or red tape. Boy were we right. All of our 2020 SR&ED deals (four in total) were paid back with Lightning McQueen-level speed (from the first and second movies. Not the third!)

Over the quarter, CPPCF re-upped a term loan to a very good manufacturing client in the consumer staples industry whose borrowing facility had fully amortized.

The fund also increased a loan to a borrower that operates in the energy services industry. This company has weathered the volatility in energy markets well, is managing its balance sheet proactively and has a strong pipeline of future business. Importantly, the company also continues to make its monthly interest payments.

CPPCF extended lending facilities to four new borrowers in Q2. Among them were a manufacturer of DIY home improvement products, an operator in the health and wellness space, a for-profit charity fundraising organization and a company involved in the restitution of high-value cultural assets.

The fund continues to maintain a robust pipeline and we look forward to continued deal flow with compressed timelines in Q3 and Q4 of 2020.

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](#)