

December 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.

***7.68%**
1-Year Return

Strong positive one year return.

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	0.74	0.46	0.55	0.65	0.60	0.55	7.68%
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	17.11%
Sharpe Ratio	9.61
Total Positive Months	26
Total Down Months	0
Maximum Loan Value	\$ 3,500,000
Minimum Loan Value	\$ 262,853
Weighted Average Loan Value	\$ 2,170,000
Weighted Average Term	245 days
Number of Full Realized Exits	16
Value of Full Realized Exits	\$ 18,679,402

- Improved Sharpe Ratio (return per unit of risk)
- Big and small loans
- One funding in Q4, 2020
- Three exits in Q4, 2020

Short portfolio term-to-maturity

03 Where We're Allocating Capital

GICS Sub-Industry	Facility Type	Description
Diversified Financial Services	Bridge	Providing working capital to private equity investment company
Packaged Foods & Meats	Term	Providing working capital as part of overall debt restructuring
Leisure Products	Term	Providing working capital to sporting equipment developer and retailer
Health Care - Biotech	Term	Providing working capital to biotech company in support of IP commercialization efforts
Diversified Financial Services	Term	Providing acquisition financing to investment advisory company
Consumer Discretionary - B2B	Term	Providing working capital to distributor of office 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 Ring out Wild Bells – Spreads are Tighter and Covenants are Lighter

The Canadian economy entered 2021 on modestly stable footing. GDP rose by a higher-than-expected 0.4% in October with preliminary expectations of November output rising by another (surprising) 0.4%.

Both the Bank of Canada and the US Fed kept their policy rates unchanged in December, noting concerns about short-term economic growth due to new lockdown measures.

At present, most investors expect policy rates to remain at current levels through 2021 and potentially as long as 2023.

December was a borrower's market in the corporate bond space. Spreads continued to tighten to early-2020 levels on both sides of the border with borrowing rates at or near all-time lows for most issuers.

Canadian corporate bond issuance was over \$110 billion during 2020 – the second largest issuance ever as investor demand for investable product was met with issuer demand for more capital.

Private lending activity in Canada was strong in December. Similar to the corporate bond market, spreads tightened into year-end. Furthermore, pricing and documentation terms also shifted to pre-pandemic levels. Sectors that were able to avoid shutdowns, such as health care, food staples, business services and software have all enjoyed improved pricing and more covenant flexibility in their agreements.

Of particular note, rising energy prices allowed several O&G borrowers to comfortably improve their liquidity profiles. Also, private lenders proved willing to extend credit to select cannabis borrowers.

In the final quarter of 2020, CPPCF was (unexpectedly) paid back on its largest loan to an energy services company, following a rapid and very successful equity raise. The fund also received full payment for its loan to a consumer staples manufacturing company. Lastly, CPPCF was paid back on its sole outstanding SR&ED backed loan.

During Q4 2020, the fund extended a new facility to a publicly traded biotech company in support of its efforts to commercialize its portfolio of proprietary intellectual property (focused on the prevention and removal of microbial biofilms) and execute on its business plan.

Going into 2021, CPPCF maintains a robust pipeline of potential borrowers (through our partners at Pivot Financial). We look forward to providing lending great lending facilities for the benefit of investor and borrower alike.

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](#)