

September 30, 2021

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.



New Q3 Lending Facility

Doesn't sound like much, but there were several principal increases and renewals, as well

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

Contact Us

info@celernus.com
289-863-1333
1001 Champlain Avenue,
Suite 302
Burlington, Ontario
L7L 5Z4
www.celernus.com

01 How We've Performed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.47	0.47	0.61	0.69	0.69	0.81	0.65	0.65	0.68				5.87%
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	23.98%
Sharpe Ratio	11.09
Total Positive Months	38
Total Down Months	0
Maximum Loan Value	\$ 4,700,000
Minimum Loan Value	\$ 300,000
Weighted Average Loan Value	\$ 2,864,783
Weighted Average Term	271 days
Number of Full Realized Exits	17
Value of Full Realized Exits	\$ 20,447,830

Consistent Q3 returns reflect high cash use and strong borrower performance

- One new funding in Q3, 2021
- Two facilities were upsized and renewed
- Two additional facilities were upsized

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
Telecommunications	Term	Providing acquisition and working capital to global provider of wireless communication solutions
Consumer Discretionary	Term	Providing working capital to manufacturer of DIY home improvement products



04 Private Debt Provides Respite For Fixed Income Investors

The third quarter of 2021 saw continued activity in the **Celernus Pivot Private Credit Fund (CPPCF)**. During the quarter, the fund extended a new lending facility to a West Coast supplier of telecom connectivity services, renewed and upsized two portfolio lending facilities to existing companies, and upsized loans to another two current borrowers as well (in accordance with provisions in their respective Credit Agreements.) So, there's been a lot going on.

More importantly though, we believe there is a necessary conversation to be had about how private debt funds can help investor portfolios, particularly in the current environment.

At this point in the economic cycle, it doesn't matter whether you view the world from Wall Street or Main Street. Either perspective recognizes the emergence of significant asset inflation.

The most recent U.S. YoY measure of CPI was 5.39% – a level last seen (briefly) in 2008 and 1991 before that.

Canada's recent reading of YoY CPI marked a 4.4% increase in its notional basket of goods and services. This was the highest measurement since 2003.

Not only are goods and services broadly increasing in price, but so are equity-oriented financial assets. Over the last year (to Sept. 30, 2021), the S&P 500 Index appreciated 29.98%. Similarly, over the same time-period, the S&P/TSX Composite Index rose 28.05%. Those are big numbers coming from equity-land.

Historically, as inflation creeps higher, investors sell bonds. They sell short-dated bonds in anticipation of higher borrowing rates from the Bank of Canada and Federal Reserve. They sell longer-dated bonds to capture the better returns anticipated from equity-oriented assets.

This played out in Canada where, over the last 12 months, the iShares Core Canadian Universe ETF (XBB.TO) declined 3.52% – including interest.

Over this same period, the Celernus Pivot Private Credit Fund returned 7.79%. And while bonds held in ETFs are broadly unsecured, each loan in CPPCF is secured by assets of the respective borrower. Furthermore, ETF returns are generated by a combination of interest-received and price appreciation whereas CPPCF returns are almost exclusively generated from borrower interest payments.

An important distinction between XBB.TO and CPPCF is that the ETF provides instantaneous liquidity (with T+2 settlement). CPPCF, on the other hand, provides 90-day liquidity. This is obviously a meaningful difference to be understood.

But to the extent that a longer holding period is appropriate in your portfolio, CPPCF provides access to a basket of expertly-originated commercial loans that are secured against borrower assets and expected to collectively provide returns (over a market cycle) that are superior to those of unsecured, publicly-traded bonds.

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](#)