

September 30, 2022

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.

***9.30%**
12-Month 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

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
2022	0.72	0.65	0.76	0.67	0.97	0.69	0.70	0.71	0.72				6.78%
2021	0.47	0.47	0.61	0.69	0.69	0.81	0.65	0.65	0.68	0.76	0.79	0.80	8.37%
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	35.52%
Sharpe Ratio	12.08
Total Positive Months	47
Total Down Months	0
Maximum Loan Value	\$ 6,000,000
Minimum Loan Value	\$ 150,000
Weighted Average Loan Value	\$ 3,400,000
Weighted Average Term	243 days
Number of Full Realized Exits	26
Value of Full Realized Exits	\$ 38,933,171
Percent Interest Paid in Cash	85%

- Q3 Return of 2.15%
- Two new fundings in Q3 2022
- One loan upside

03 Where We're Allocating Capital

GICS Sub-Industry	Facility Type	Description
Health Care Facilities and Services	Term	Providing working capital to distributor of prescription drugs, proprietary drugs and toiletries
Packaged Foods & Meats	Term	Providing working capital as part of overall debt restructuring
Leisure Products	Term	Providing working capital to sporting equipment developer
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
Health Care - Life Sciences Tools & Services	Term	Providing working capital to health tech company focused on cancer, rare/orphan disease and chronic conditions
Communications Services	Term	Providing working capital to independent telecom - fibre-based Internet Service Provider



04 Navigating Higher Rates with Private Debt

The Celernus Pivot Private Credit Fund (CPPCF) posted a Q3 2022 return of 2.15% – mapping to a YTD return of 6.78% and a rolling 12-month return of 9.30%.

As of September 30, 2022, two of the Fund's loans (though one single borrowing relationship) are accruing interest. This change from cash-pay to accrual was executed via Amendment to allow the borrower increased working capital flexibility as it approaches a monetization event.

At present, all the loans in CPPCF are currently 'performing'.

Over the course of the quarter, the fund advanced two new loans – one to a consumer goods brand marketing company and the other to a private equity investor in support of an acquisition in the private education space.

In addition to these two new loans, the fund increased the size of an existing loan to another consumer goods company – this one publicly-traded.

Deal flow continues to be robust. We expect that the current pipeline of loans will bring our line of credit utilization to approximately 70% - allowing the fund to warehouse a couple of loans in advance of future repayments, as well as providing liquidity to investors that need to redeem fund units.

On the economic front, interest rates continue to drive higher as Central Bankers take steps to reign in inflation. This dynamic is proving particularly challenging for bank-level borrowers whose coupon payments are either floating, or at least short-term in nature.

Since the beginning of 2022, the Prime Rate has increased from 2.45% to 5.45% and it appears this upward pressure will continue for some period of time.

The price of taking on new bank-issued debt has more than doubled over the last nine months. This represents a significant challenge for borrowers of all kinds – from large publicly-traded commercial entities to small, residential mortgagors.

We would note that almost all the existing loans in CPPCF carry mid-teen, fixed rate coupons. In general, the broad-based increase in short-term interest rates has not created an additional cash flow burden on the borrowers in the Fund.

Make no mistake, rising interest rates are a key systematic risk to the progress of any company operating in any economy. Virtually all players are impacted in some way.

Thus far in the tightening cycle, we are pleased with the performance of our borrowing companies and the way this performance has translated to that of the Fund.

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