

# CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)



As at March 31, 2018

CLASS A

## WHY INVEST IN THIS FUND

- Consistent monthly income and rate of return\*
- Mortgage investments secured by real property
- Experienced management team

## FUND DETAILS

### Manager:

Celernus Investment Partners Inc.

**Inception Date:** May 2013

**AUM:** 49.3 million

**Minimum investment:** \$25,000

**Advisory fee:** 0.85%

### Performance fee:

20%; above 4% hurdle

**High water mark:** Yes

**Subscriptions:** Weekly

**Redemptions:** Weekly

### Prime Broker:

National Bank Independent Network (NBIN)

**Auditor:** BDO Canada LLP

### Administrator:

Convexus Managed Services Inc.

**Lawyer:** WeirFoulds LLP

### Eligible accounts:

RSP, RESP, RRIF, TFSA, cash

## FUND CODES

CIP200A - No Load

CIP200B - 1% Dealer Service

## INVESTMENT TEAM



**Gord Martin, MBA**  
Managing Partner

Full Bio can be found at [www.celernus.com/people](http://www.celernus.com/people)

## FUND OVERVIEW

The Celernus Mortgage and Income Trust Fund (CMIT) aims to provide investors consistent monthly income while simultaneously protecting capital, primarily through investments in mortgages with a loan to value measure that provides a desirable degree of security of capital. In addition to first and second mortgages, CMIT may also invest in other asset backed debt, government and corporate bonds and debentures, convertible debt, common equities, warrants, preferred shares, trust units, REITs, derivative instruments and other securities.

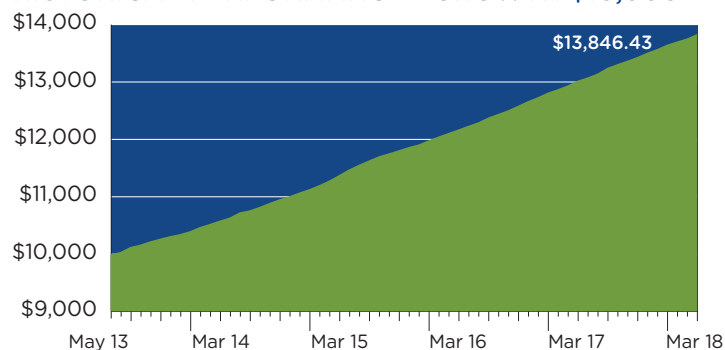
## COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
0.55	1.36	2.99	6.26	6.75	-	6.77

## MONTHLY RETURNS (%) Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.41	0.39	0.55	-	-	-	-	-	-	-	-	-	1.36
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

## HISTORICAL PERFORMANCE - GROWTH \$10,000



Number of Mortgages: 97

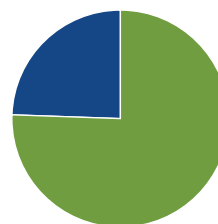
Average Size of Investment: \$435,917

Weighted Average Loan-To-Value: 64.9%

Weighted Average Term to Maturity: 171 days

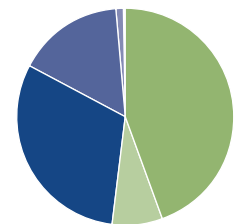
## MORTGAGE POSITION

1st Position	75.6%
2nd Position	24.4%
3rd Position or higher	0.0%



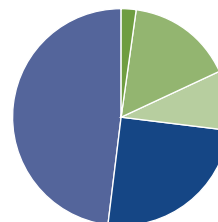
## TERM

Within 3 months	44.5%
Between 3 and 6 months	7.7%
Between 6 and 9 months	30.7%
Between 9 and 12 months	16.0%
Greater than 1 year	1.2%



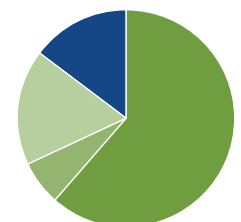
## LOAN TO VALUE

40% or lower	2.3%
41 to 50%	15.8%
51 to 60%	9.0%
61 to 70%	25.0%
71 to 80%	48.0%
80% or greater	0.0%



## ZONING

Residential	61.6%
Multi-Res	6.6%
Commercial	17.4%
Land	14.5%



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## DISTRIBUTIONS (\$)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.040	0.040	0.059	-	-	-	-	-	-	-	-	-	0.139
2017	0.040	0.040	0.099	0.040	0.040	0.046	0.040	0.040	0.083	0.040	0.040	0.103	0.651
2016	0.040	0.040	0.091	0.040	0.040	0.084	0.040	0.040	0.082	0.040	0.040	0.084	0.661
2015	0.040	0.040	0.134	0.040	0.040	0.140	0.040	0.040	0.073	0.040	0.040	0.210	0.877
2014	0.040	0.040	0.089	0.040	0.040	0.097	0.040	0.040	0.085	0.040	0.040	0.063	0.656
2013	-	-	-	-	-	-	-	-	-	-	-	0.257	0.257

## COMMENTARY

The Fund's return in the first quarter of 2018 was below our expectations as the result of high cash balances in January and February. Seasonally, mortgage deal flow tends to be slowest in the first two months of the year. Entering 2018, deal flow appeared stronger than in past years, but some expected transactions did not occur and the closing for others was pushed out to March. The reduced deal flow, combined with the early return of capital on some mortgages that were in arrears, resulted in much higher-than-anticipated cash balances and had a significant impact on returns. In March, deal flow and closings increased, the Fund approached a fully invested level and the return for the month reached a more normalized level, as expected. Deal flow is currently very strong and we expect to be fully invested for the majority of the second quarter.

We are pleased to announce that the Fund completed the implementation of a \$10 million line of credit from Canadian Western Bank during the quarter. This is a significant milestone for the Fund. Managing cash flow can be challenging at times and is critical to the Fund for maintaining deal flow and overall returns. The added flexibility will allow us to more easily achieve a fully invested position in the Fund for a higher percentage of the time.

Canadian home sales declined 6.5% month-over-month on a seasonally adjusted basis in February following a 13.8% decline in January. This decline after strong sales in December is largely owing to tighter qualifying requirements for uninsured mortgages introduced on January 1. Inventory has moved to a more balanced position as sellers who stayed largely on the sidelines in January reentered the market in February. Price increases continued at a slower rate of 6.9% year-over-year in February and just 3.2% for Toronto (Source: Royal Bank of Canada). We are continuing our outlook for relatively stable home prices over the remainder of 2018.

## \*DISCLAIMER

Information about the Celernus Mortgage and Income Trust Fund (the "Fund") is not to be construed as a public offering of securities in any jurisdiction of Canada. This Fund Fact sheet 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 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.

## ABOUT US

Celernus manages investment funds for high-net-worth individuals and institutions. Our lineup of actively managed, low-fee solutions are built to help investors achieve long-term financial success. We manage our portfolios with a lower-volatility approach while also focusing on alpha generation and absolute returns.

## CONTACT US

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