

CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)

As at June 30, 2017

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: 39.9 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 Correspondent Network (NBCN)

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

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.

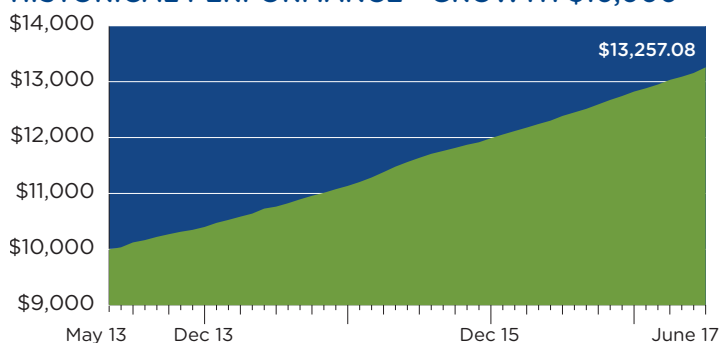
COMPOUND RETURNS (%) Class A

| 1 MONTH | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS | INCEPTION |
|---------|----------|----------|--------|---------|---------|-----------|
| 0.77 | 1.73 | 3.39 | 7.03 | 7.18 | - | 6.91 |

MONTHLY RETURNS (%) Class A

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2017 | 0.46 | 0.52 | 0.64 | 0.43 | 0.51 | 0.77 | - | - | - | - | - | - | 3.39 |
| 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 |

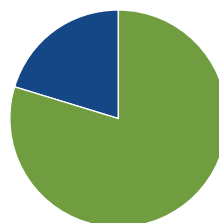
HISTORICAL PERFORMANCE - GROWTH \$10,000



| | |
|------------------------------------|-----------|
| Number of Mortgages: | 74 |
| Average Size of Investment: | \$526,898 |
| Weighted Average Loan-To-Value: | 64.7% |
| Weighted Average Term to Maturity: | 149 days |

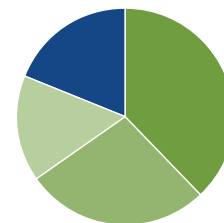
MORTGAGE POSITION

| | |
|------------------------|-------|
| 1st Position | 79.8% |
| 2nd Position | 20.2% |
| 3rd Position or higher | 0.0% |



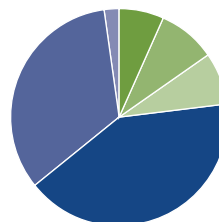
TERM

| | |
|-------------------------|-------|
| Within 3 months | 38.0% |
| Between 3 and 6 months | 27.4% |
| Between 6 and 9 months | 15.8% |
| Between 9 and 12 months | 18.8% |
| Greater than 1 year | 0.0% |



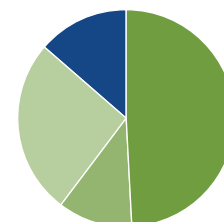
LOAN TO VALUE

| | |
|----------------|-------|
| 40% or lower | 6.7% |
| 41 to 50% | 8.8% |
| 51 to 60% | 7.6% |
| 61 to 70% | 41.2% |
| 71 to 80% | 35.7% |
| 80% or greater | 0.0% |



ZONING

| | |
|-------------|-------|
| Residential | 49.2% |
| Multi-Res | 11.2% |
| Commercial | 26.2% |
| Land | 13.4% |



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DISTRIBUTIONS (\$)

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2017 | 0.040 | 0.040 | 0.099 | 0.040 | 0.040 | 0.046 | - | - | - | - | - | - | 0.305 |
| 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

Home Capital Group dominated news and created ripples throughout the private mortgage market, resulting in increased deal flow as B lender capital was less plentiful and more borrowers were pushed to the private market. The Province of Ontario introduced changes designed to cool what had been a red-hot property market over the past 24 months. These changes appear to have had the desired effect as the run up in housing prices seems to have subsided. The Bank of Canada continued to signal future interest rate increases as central bankers in the U.S. and Europe became more optimistic about economic growth.

The increase in deal flow from the disruption in the B market and regulatory changes should continue to provide a steady stream of secure mortgage investments. Due to the rise in property valuations and concern over the length of the current economic expansion, we have tightened our loan-to-value criteria and underwriting evaluation criteria. Additionally, the rise in property values over the past two years has increased the security of past mortgage investments.

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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*DISCLAIMER

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