

CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)



As at September 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: 44.2 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.

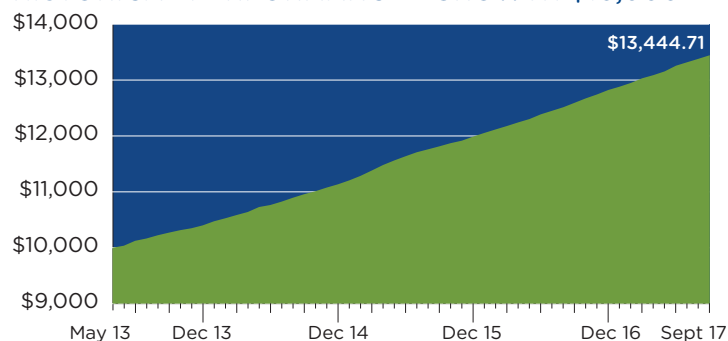
COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
0.48	1.42	3.17	6.77	7.05	-	6.85

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	0.47	0.46	0.48	-	-	-	4.85
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

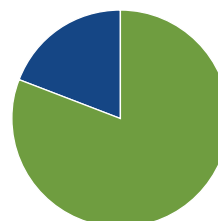
HISTORICAL PERFORMANCE - GROWTH \$10,000



Number of Mortgages:	76
Average Size of Investment:	\$550,889
Weighted Average Loan-To-Value:	63.6%
Weighted Average Term to Maturity:	142 days

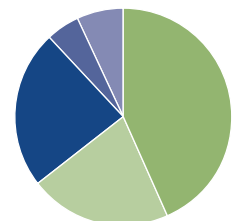
MORTGAGE POSITION

■ 1st Position	81.0%
■ 2nd Position	19.0%
■ 3rd Position or higher	0.0%



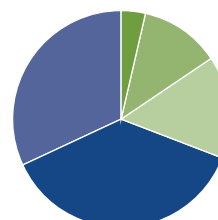
TERM

■ Within 3 months	43.4%
■ Between 3 and 6 months	21.3%
■ Between 6 and 9 months	23.4%
■ Between 9 and 12 months	5.2%
■ Greater than 1 year	6.7%



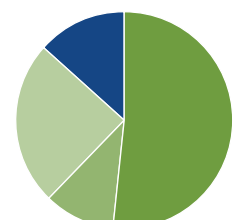
LOAN TO VALUE

■ 40% or lower	3.8%
■ 41 to 50%	11.9%
■ 51 to 60%	15.3%
■ 61 to 70%	37.1%
■ 71 to 80%	31.9%
■ 80% or greater	0.0%



ZONING

■ Residential	51.9%
■ Multi-Res	10.4%
■ Commercial	24.4%
■ Land	13.3%



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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	0.040	0.040	0.083	-	-	-	0.468
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

Residential property prices in Ontario declined by 5% to 20%, depending on the region and price strata. Conversely, prices in Quebec, and the greater Montreal area in particular, increased by 5% to 10%. We had tightened our investment criteria at the start of 2017 to reflect concerns regarding valuations, and the credit quality of our portfolio experienced no negative effects as a result of the decline in prices.

The B market returned to a more normal state as concerns waned over the fate of Home Capital Group Inc. The flow of potential mortgage investments remained strong, and we have been able to maintain a conservative posture with respect to loan-to-value requirements and interest rates.

Third-quarter returns were slightly lower than projected as a result of a long-term strategic decision to implement a loan loss reserve. While the Fund has never in its history experienced a capital loss, we decided to implement a reserve in the interest of prudence and conservatism. Now that the initial expense of implementing the reserve has been borne, we expect returns to resume a profile similar to what we have seen in past quarters.

We maintain a bias towards a slight increase in interest rates and expect housing prices in Ontario to consolidate in the current range following the decrease over the past quarter. We maintain a conservative stance towards valuation, with an emphasis on protecting capital.

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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