

# CELERNUS MORTGAGE AND INCOME TRUST FUND (CMIT)



As at December 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:** 51.8 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.

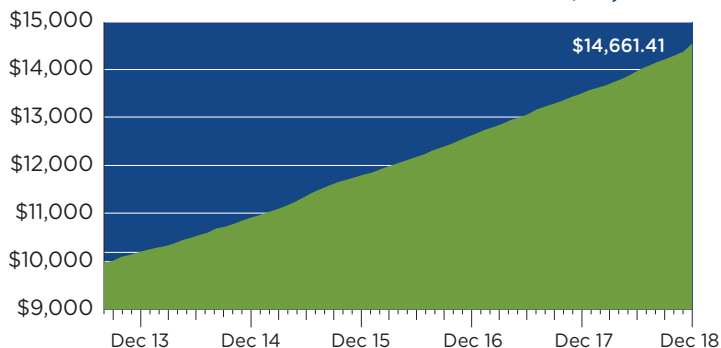
## COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
1.19	2.29	3.88	7.34	6.95	7.11	6.92

## MONTHLY RETURNS (%) Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.41	0.39	0.55	0.51	0.68	0.75	0.52	0.58	0.45	0.53	0.56	1.19	7.34
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: 124

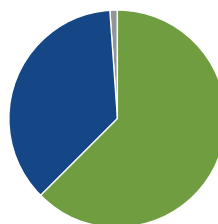
Average Size of Investment: \$478,528

Weighted Average Loan-To-Value: 66.1%

Weighted Average Term to Maturity: 125 days

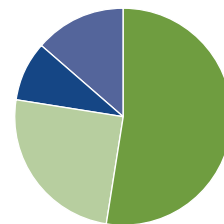
## MORTGAGE POSITION

1st Position	62.7%
2nd Position	36.3%
3rd Position or higher	1.0%



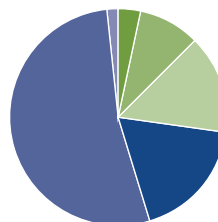
## TERM

Within 3 months	52.5%
Between 3 and 6 months	25.0%
Between 6 and 9 months	9.1%
Between 9 and 12 months	13.4%
Greater than 1 year	0.0%



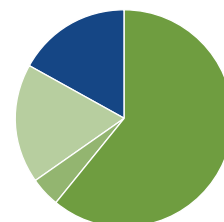
## LOAN TO VALUE

40% or lower	3.5%
41 to 50%	9.1%
51 to 60%	14.8%
61 to 70%	18.1%
71 to 80%	53.0%
80% or greater	1.5%



## ZONING

Residential	61.0%
Multi-Res	4.5%
Commercial	17.8%
Land	16.7%



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## DISTRIBUTIONS (\$)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.040	0.040	0.056	0.040	0.040	0.107	0.040	0.040	0.095	0.040	0.040	0.100	0.678
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

Celernus Mortgage Income Trust (the Fund) posted strong returns in the final quarter of 2018. The Fund earned significant fee income from new mortgage investments and mortgage investments being repaid. As the result of low realized loan losses over the course of the year, the Fund took a portion of the loan-loss provision accrued in 2018 back into income. The end result was a return of 2.29% for the fourth quarter and a strong 7.34% annual return for 2018. Looking ahead to 2019, we believe the Fund is well positioned to continue generating returns in line with its historical norms.

The U.S. Federal Reserve Board (Fed) has intimated fewer interest rate increases than previously expected and a willingness to slow down the US\$50 billion per month runoff of its balance sheet if conditions warrant. The Fed's change to a more accommodative tone is a direct result of signs that both the global and domestic economies are starting to come under pressure. In Canada, pressures are being exacerbated by the decline in energy prices.

On the domestic real estate front, home sales continued their decline in October and November. The decline in sales was matched by a slightly larger decrease in the number of newly listed homes. On a national basis there is about 5.4 months of supply, which is in line with historical averages. However, on a regional basis, inventory in our primary market of Ontario is well below its long-term average. We believe this should provide some price support in 2019.

Looking ahead for 2019, we expect the demand for private capital to remain strong. The interest rates charged on new mortgage investments should remain relatively stable, in our view. The new sources of mortgage investments that were developed in 2018 continue to provide strong investment flows and may provide a stable base for the replacement of investments maturing over the course of the year. While we expect the economic environment to become more challenging over the coming 12 to 24 months, the hard assets and relative loan-to-value measures of the mortgage investments may provide significant downside protection for invested capital.

## \*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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