



CMLS Mortgage Fund

Company History

***CMLS Asset Management Ltd. is an Affiliate of CMLS Financial Ltd.
with 45 years of Experience***

- Established in 1974 by Phillips, Hager & North, now management-owned
 - Over \$20 billion in mortgages under administration
 - The highest-rated commercial mortgage servicer in Canada
-

Infrastructure

Assets Under Administration

\$20B

Loans Funded in 2017

\$5B

Operational Excellence

Deloitte.

FitchRatings



Years of Experience

45+

Origination, Credit,
Servicing Specialists

260+

National Offices

7

Institutional Relationships

PHILLIPS, HAGER & NORTH
Investment Management®

RBC
Dominion
Securities

GREYSTONE
MANAGED INVESTMENTS INC

ATB Financial®

POLAR
ASSET MANAGEMENT PARTNERS

MD
MD Financial
Management
CMA Companies

FIERACAPITAL

KingSett
CAPITAL

AIMCo
Alberta Investment Management Corp.

ADDENDA
CAPITAL

ICBC
Insurance Corporation
of British Columbia

Otéra
Caisse de dépôt et placement
du Québec

bc imc

CMHC SCHL

NICOLA
WEALTH MANAGEMENT

CMLS
ASSET MANAGEMENT LTD.

CMLS Mortgage Fund

Investment Objectives

The Fund's Investment Objective is to Preserve Capital and Provide Investors with a Stable and Attractive Monthly Distribution.

Investment Strategy:

- **Enhance returns** by investing in less competitive/inefficient markets
 - **Protect income** by focusing on quality borrowers and stable underlying collateral
 - **Reduce idiosyncratic risk** by investing in a broad selection of mortgages
 - **Reduce interest rate risk** by investing in short duration mortgages
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CMLS Mortgage Fund

Investment Results

The CMLS Mortgage Fund was Originally Created to Give CMLS Partners an Opportunity to Invest Alongside our Institutional Clients

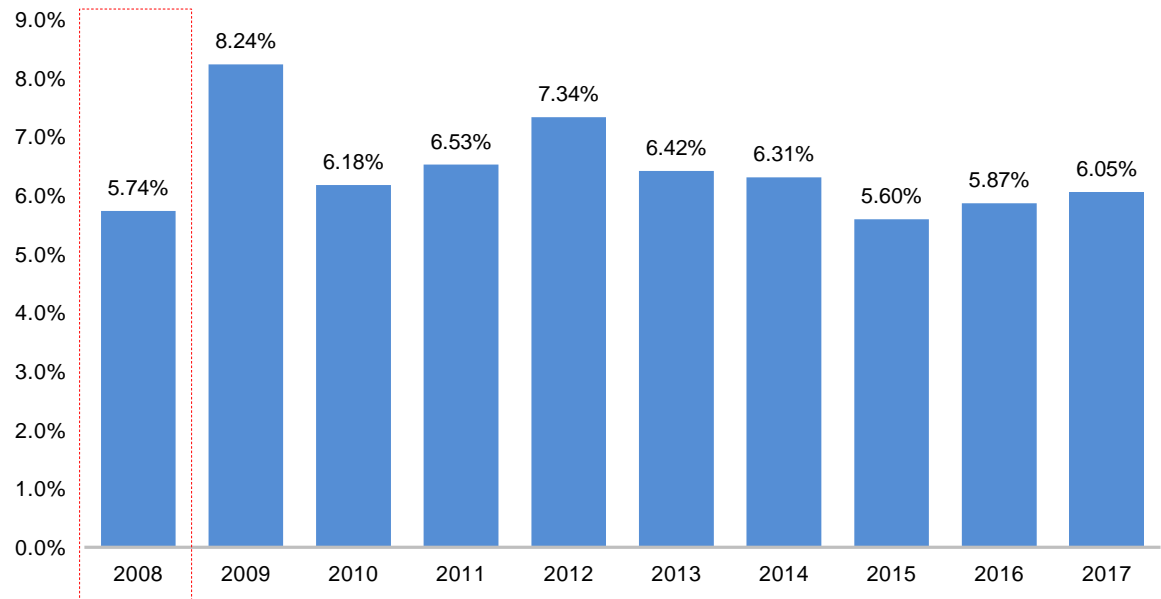
Investment Highlights & Results:

- 10 year track record of 5-7% returns
 - Low correlation with traditional asset classes
 - Capital preservation
-

Historical Returns



Stable 6.43% Return Since Inception (%)

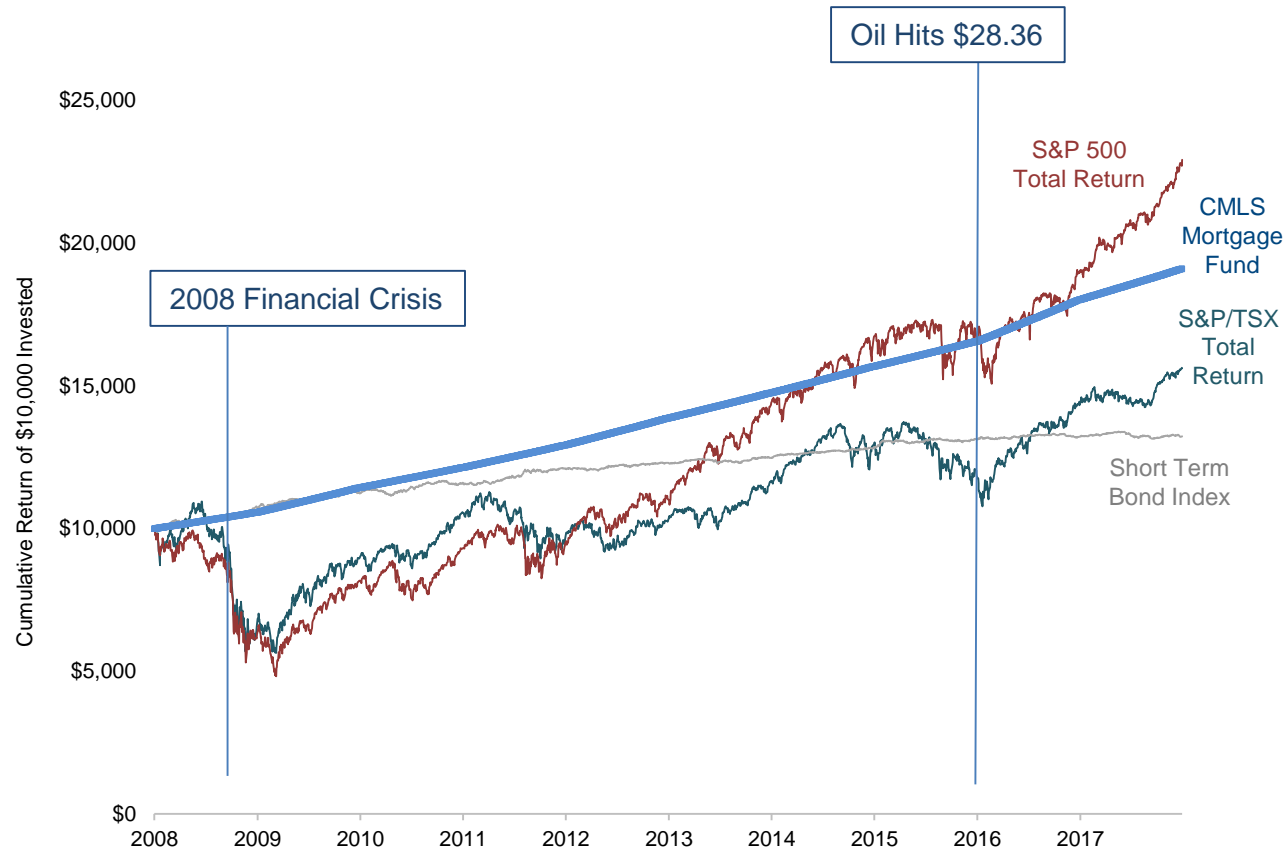


Stable performance during market downturn

Source: CMLS Asset Management Ltd.

Notes: CMLS Mortgage Fund returns are actual net returns on class I units (MER of 1.50%, reduced to 0.90% in April 2017) and assume distributions have been reinvested through the period. Historical returns are not indicative of future returns. Data is as of Dec. 2017

VS. Traditional Assets



Source: Bloomberg data from 2008 to 2017.

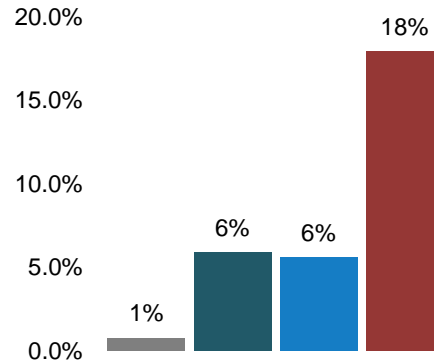
Note: Index return is calculated based on the last price on Jan 2, 2008. Blackrock iShares XSB index was used as a proxy for the FTSE Canada Short Term Bond Index.

Comparative Performance

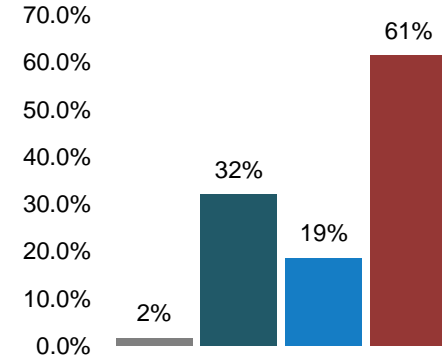
Cumulative Return



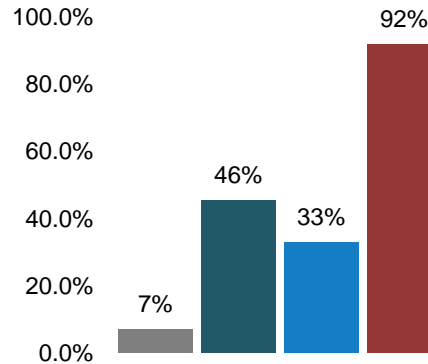
1 Year Performance
(%)



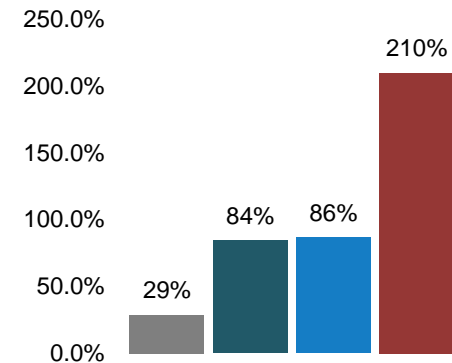
3 Year Performance
(%)



5 Year Performance
(%)



10 Year Performance
(%)

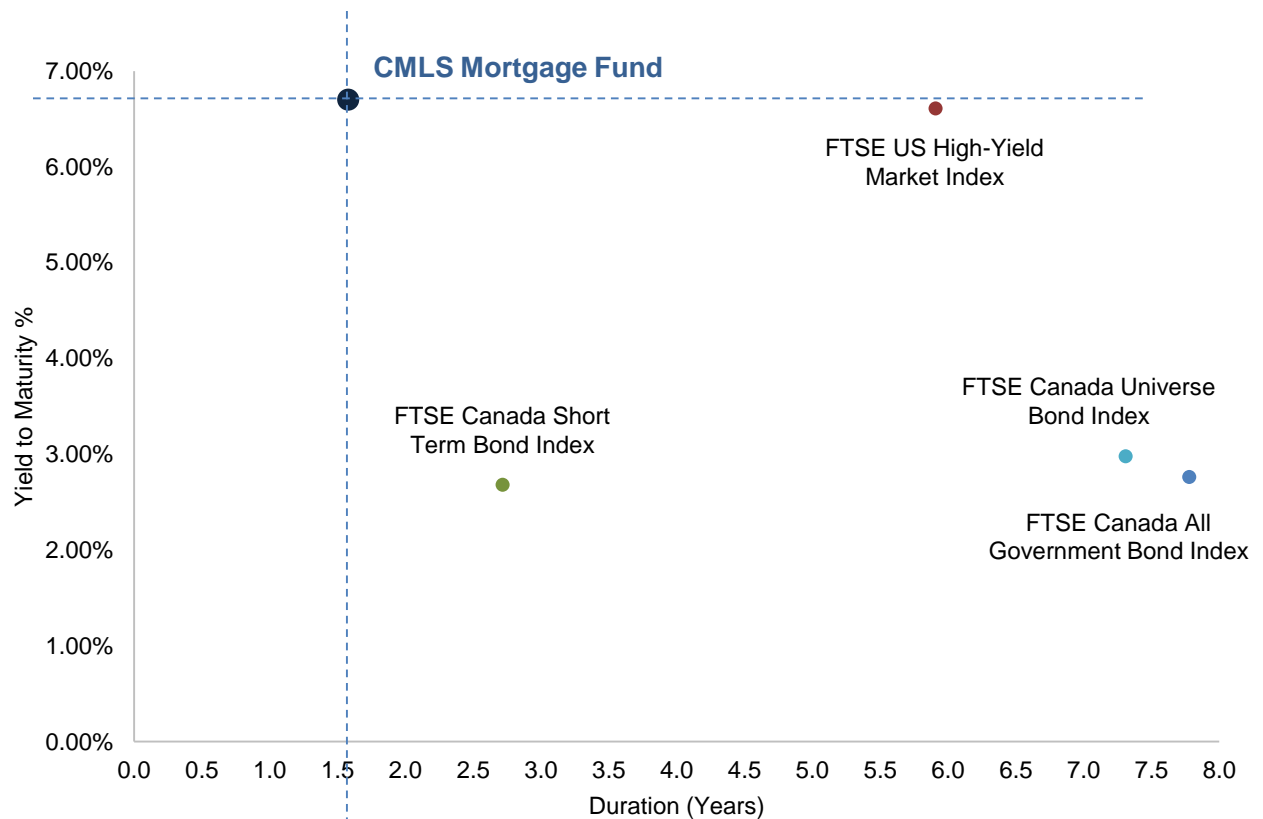


- CMLS Mortgage Fund
- S&P 500 Total Return
- Short Term Bond Index
- S&P/TSX Total Return

Source: Bloomberg; Blackrock iShares XSB index was used as a proxy for the FTSE Canada Short Term Bond Index.

Absolute Return

Enhanced Yield and Lower Duration Provides an Attractive Opportunity for Those Seeking Absolute Returns

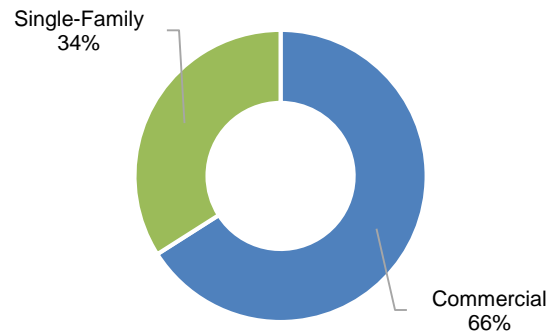


Investment Guidelines

Flexible Strategy with a Bias Towards Cash-Flowing Commercial Mortgages

- 50-100% Commercial Mortgages
- 0-50% Single-Family Mortgages

Current Asset Class Exposure



Investment Policy Snapshot

Asset Sub-Class:	Commercial & Single-Family Residential Mortgages
Concentration Limits:	10% to Any Entity
Max Loan Size:	10% of Fund Assets
Target Duration:	1-3 Years
Target Loan to Value:	65%
Target Fund Leverage:	0%

Downside Protection

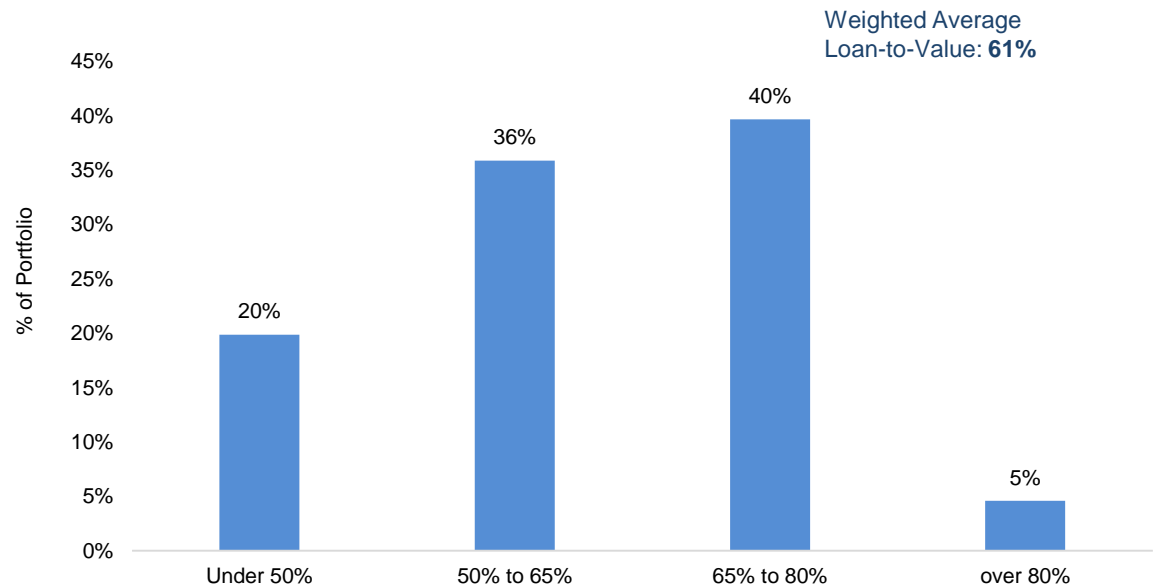


Weighted Average Loan-to-Value of 61%

Real estate values could compress **39%** on average before the Fund may incur a loss¹.

Loan-to-Value Dispersion

(%)



¹Notes Before taking into account legal fees and assumes the fund realizes on the underlying collateral. Values are original appraisal date value. Data is as of Oct 3rd, 2018

Low Correlation

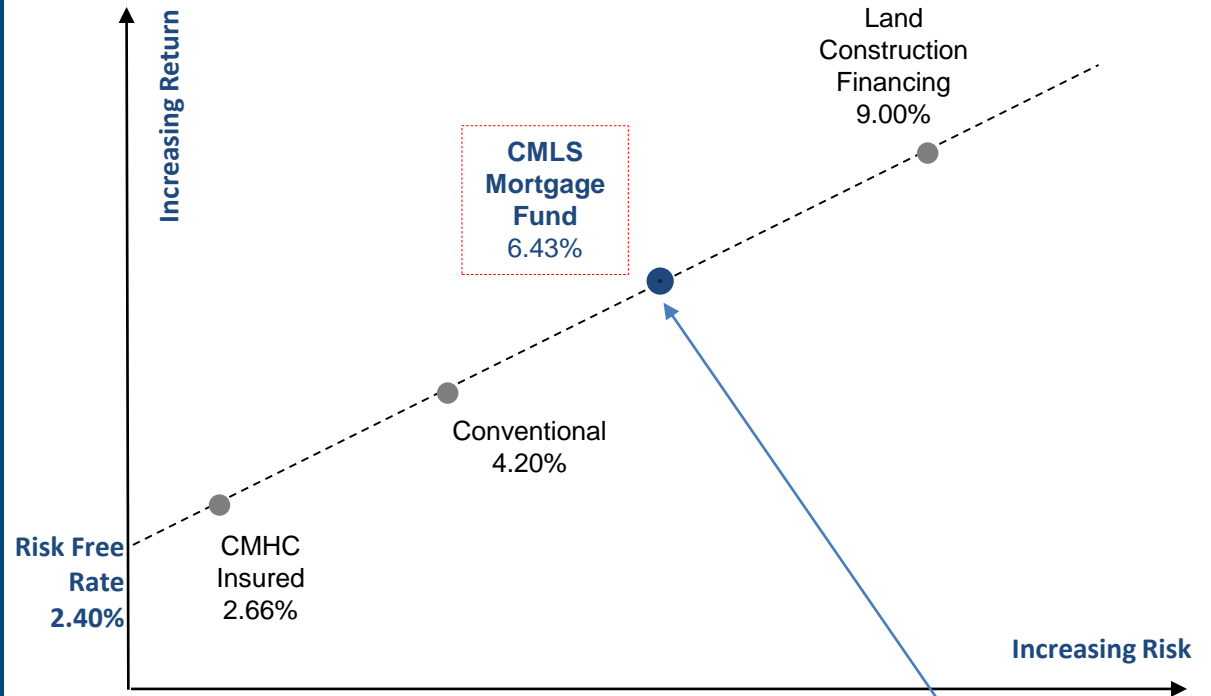
CMLS Mortgage Fund Historically Exhibited a Low Correlation to Other Asset Classes

	<i>CMLS Mortgage Fund</i>	<i>REALPAC/IPD</i>
<i>CMLS Mortgage Fund</i>	1.00	
<i>REALPAC/IPD</i>	0.07	1.00
<i>S&P 500</i>	0.09	-0.38
<i>S&P/TSX</i>	0.02	-0.21
<i>Blackrock iShares XSB</i>	0.21	0.18
<i>MSCI Emerging Market Index</i>	0.10	-0.20
<i>Barclays US High Yield Index</i>	0.34	-0.15

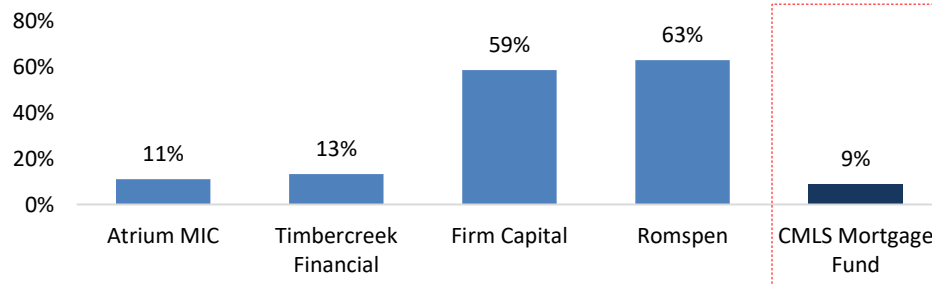
Risk Management

Risk and Return Analysis

Return and Risk Comparison Among Competitors

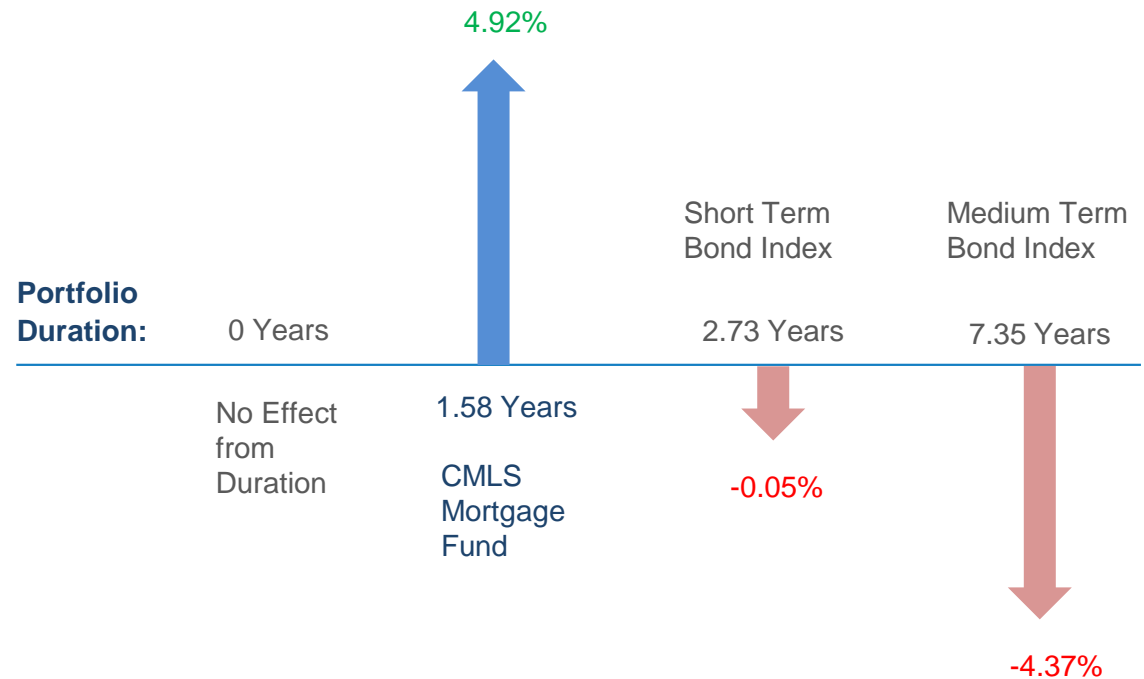


Competitor Profile by % in Land & Construction Financing



Protection Against Rising Rates

Total Return after a 1.00% Rise in Interest Rates

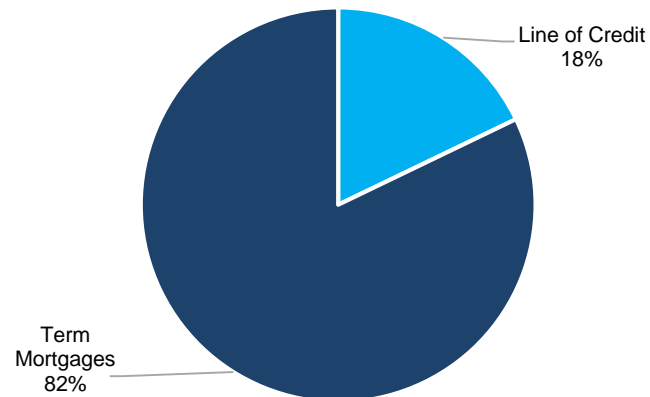


Liquidity Management

Monthly Liquidity

Redemptions within the first year will be charged a 1% fee, payable to the remaining unitholders (not the manager).

- **Line of credit for 18% of Assets**
- **Short duration** portfolio (~1.5 years) produces a high turnover of loans
- **Selling agreements** with Institutional Investor base for loan sales if required

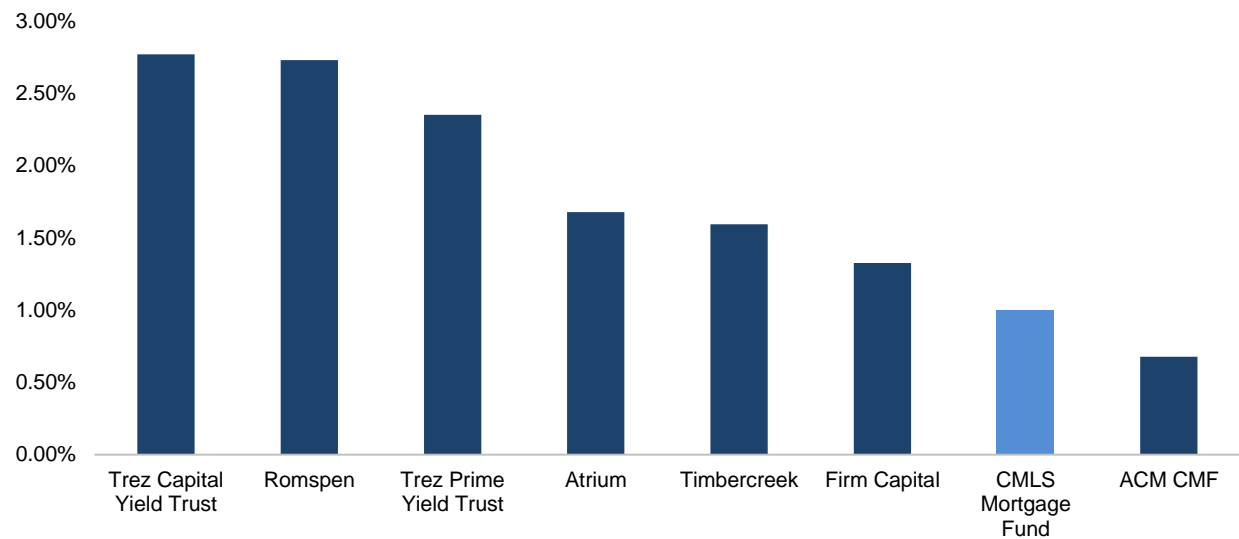


Management Fees



*Simple and Transparent Fee Structure with NO Performance Fees
Reducing the incentive to reach for yield at the expense of credit quality*

Comparable Management & Performance Fees (last twelve months)
(%)



Source: Company reports, CMLS Asset Management

Notes: Fees represent actual management and performance fees paid over the last twelve months divided by average shareholders' equity. Data is as of September 30, 2017 with the exception of Trez Capital Yield Trust and Trez Prime Yield Trust (last twelve months ended December 31, 2016).

How To Invest

Securities Offered	Class A, B, and F units
Fundserv Code	CLS
Minimum Investment	\$25,000
Minimum Increments	\$5,000 (excluding DRIP)
Eligibility	OM / Accredited Investors / Minimum Investment only
Registered Status	RRSP, TFSA, RRIF, RESP, RDSP eligible
Redemption	Monthly anytime after one year with 15 days notice. Subject to available cash. Subject to 1% retraction penalty if redeemed within 1 st year.
Distribution	Monthly
Distribution Reinvestment	Available through a Distribution Reinvestment Plan
Management Fees	1.00% (Class F); 1.25% (Class A) - 25 bps trailing commission 1.45% (Class B) - 45 bps trailing commission No Performance Fees 50% of the Origination fees go back to fund and unitholders
Closings	Monthly Closings

