December 2015

## COVENANT MORTGAGE POOL - Not Your Average Mortgage Fund!

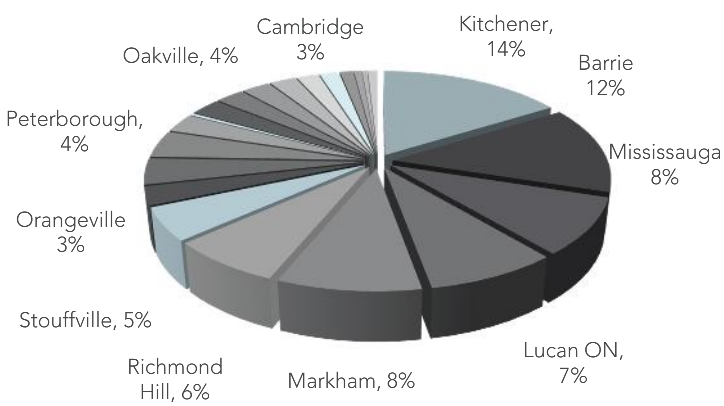
Retail investors, their brokers and advisors, will generally be familiar with the two most common types of diversified mortgage investments: Institutional Mortgage Funds and Mortgage Investment Corporations.

It's important to recognize that while the Covenant Mortgage Pool is by no means universally suitable for all clients, its characteristics are very different from the other two options commonly used:

> Mortgage Funds are typically offered by banks - often as a means to fund the retail mortgages they provide. They are usually very large, provide excellent security and liquidity (sometimes daily) but yields are commensurately very low.
>
> Mortgage Investment Corporations (MICs) come in a wide variety of flavours, but are typically much smaller and provide mortgage financing to individuals that may not be able to qualify at conventional lending institutions. This may be for one or more reasons ranging from a mildly dented credit history to 'equity only' scenarios where a second mortgage is provided without strong evidence of ability to repay. MICs can suffer a range of operational challenges including inability to distribute interest, high default rates, and even serious or indefinite liquidity constraints.

The Covenant Mortgage Pool does not provide any retail lending to high or low quality borrowers. Its underlying assets are the real estate development and construction projects of experienced developers. With corporate guarantees, personal guarantees and a Loan To Value ratio of under 68% across the portfolio, the pool offers excellent security. Cash flow from over 55 development projects ensures monthly interest distributions to unitholders. Short term financing (maximum initial term of 36 months) ensures the portfolio is being constantly refreshed.

### PORTFOLIO LOCATIONS




*Positions under 3% unlabeled.*

### DEVELOPMENT TYPE

| | |
|---|---|
| Condo | 15% |
| High Density Res. | 8% |
| Retirement | 18% |
| Senior Condo | 5% |
| Single Family | 20% |
| Student Housing | 5% |
| Townhouse | 5% |
| Retail Space | 14% |

*Weighted by project value*

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COVENANT
CAPITAL MANAGEMENT INC.

Since its launch in April 2012, Covenant Mortgage Pool has comfortably exceeded its 8% target return.

## I CLASS* PERFORMANCE – AS OF NOVEMBER 2015

| 1 MO. | 3 MO. | 6 MO. | 1 YR. | 2 YR. | 3 YR | INCEPTION** |
|---|---|---|---|---|---|---|
| 0.84% | 2.48% | 5.01% | 10.29% | 10.28% | 10.12% | 9.71% |

*I Class units are available only to the managed account clients of Covenant and certain Institutional investors using a management fee agreement. Other unit classes are available to Dealers and Advisors.
**Annualized as of first trade date April 30, 2012

While there can be no guarantee of ongoing performance at that level, we continue to see plenty of funding opportunities to allow this pool to grow well into the future while continuing to provide monthly liquidity to investors.

*The Covenant Mortgage Pool is not your typical mortgage investment.*



218-20353 64TH AVENUE, LANGLEY BC V2Y 1N5
**PHONE** 604.546.1500 **FAX** 604.546.1501
**TOLL FREE** 1.855.437.7103 **EMAIL** info@covenantcapital.ca **WWW.COVENANTCAPITAL.CA**