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Fundamental Research Corp.
Investment Analysis for Intelligent Investors

November 5, 2019

Antrim Balanced Mortgage Fund Ltd. – Reports Record Revenues and Net Income in FY2019

Sector/Industry: Real Estate Mortgages

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Offering Summary	
Issuer	Antrim Balanced Mortgage Fund Ltd.
Securities Offered	Preferred Shares
Unit Price	$1
Minimum Subscription	$1,000
Management Fee	1.0% - 1.5% p.a. depending on the type of Preferred Shares
Distribution to Investors	100% annual net income before taxes
Auditor	Grant Thornton

FRC Rating	
Yield (2020)	6% - 7% p.a.
Rating	2
Risk	2

*see back of report for rating definitions

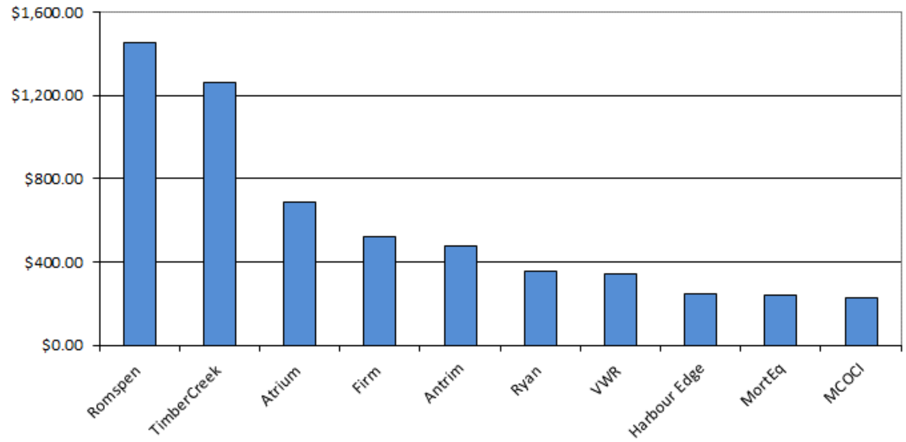
Highlights

- As of June 30, 2019, Antrim Balanced Mortgage Fund Ltd. ("fund", "Antrim") had $567 million in mortgage receivables (up 19% YoY) secured by 1,668 properties (average - $340k).
- **Antrim remains the largest private Mortgage Investment Corporation ("MIC') in the country.**
- Revenues grew 32% YoY to $43 million in FY2019 (12 months ended June 30, 2019). Net Income grew 35% YoY to $34 million in FY2019. Both figures are the company's highest ever since inception in 2007.
- Despite a 19% increase in portfolio size, we believe the MIC's risk profile remains unchanged. The focus continues to be on first mortgages on owner-occupied single-family houses in the Greater Vancouver area.
- We are slightly concerned over a significant increase in foreclosures, to 3.8% of the portfolio, by the end of FY2019 (1.4% at the end of FY2018). The fund had zero realized losses in FY2019.
- With the Vancouver market showing signs of stabilization, we have a cautiously optimistic outlook for new originations over the next 12 months. This is likely to be partially offset by a lower interest rate environment.
- **We expect investors' yield in 2020 to be in the 6% - 7% p.a. range depending on the type of shares held.**

Antrim Maintains Its Position as the Largest Private MIC

We estimate there are approximately 200 MICs / Mortgage Investment Entities ("MIEs") in the country. In a recent report conducted for the Canada Mortgage Housing Corporation / CMHC, we estimated that the Assets Under Management ("AUM") held by MICs / MIEs across the country, grew approximately 10% YoY to $12.5 billion by the end of 2018, versus the country's total residential mortgage credit growth of 1.50% YoY. **Antrim is the fifth largest MIC / MIE, and the largest private MIC.** Note that Romspen Mortgage Investment Corporation is a private entity, but is not structured as a MIC.

Largest 10 MICs by Portfolio Size (2018 Year-End)



*This chart reflects Romspen's Canadian Portfolio.

Source: Company Filings

The following table shows how Antrim's portfolio compares to the average of nine other direct comparables (lenders focused on mortgages to owner-occupied residential units). All these entities have over $100 million in assets, with mortgages focused almost exclusively on individual borrowers.

Antrim vs Comparables

	Antrim	Average
First Mortgage (%)	76%	71%
B.C.	96%	59%
ON	0	34%
AB	4%	5%
Others	0	2%
LTV	58%	56%
Yield	6.5%	7.6%
Debt to Capital	2%	17%
Average Loan Size	$340,238	$347,152
Delinquent / Foreclosures	3.8%	4.0%
Actual Loss	0.0%	0.1%
Provision	0.1%	0.7%

Source: Various Companies / FRC

As shown above, Antrim has a higher exposure to first mortgages, limited use of leverage, and correspondingly lower risk and yield. Antrim's portfolio is heavily concentrated in B.C., while most of the comparables are more geographically diversified. Antrim's average LTV, loan size, and delinquent / foreclosure rates are similar to the averages.

Update on the Manager

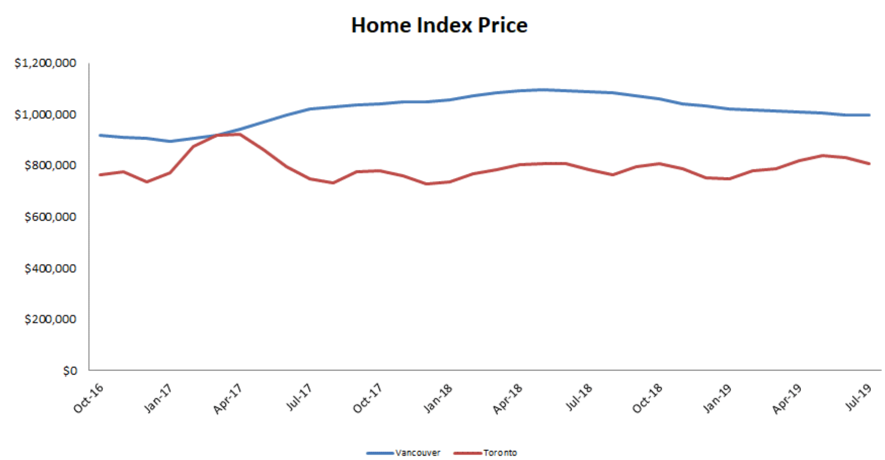
Antrim Investments Ltd., incorporated in November 1973, is the fund's Manager. The manager currently has four in-house mortgage brokers (unchanged since the time of our previous report in November 2018) that exclusively originate mortgage loans for the fund through referrals by a network of over 200 third-party brokers, who are typically paid a one-time finder's fee.

The manager currently originates approximately $250 million per year for the fund. They do not originate or administer loans for third parties. The Manager typically receives a brokerage fee of 1% on first mortgages, and 2% on second mortgages, at the time of origination. These origination fees are not passed on to the fund. We believe this is a common practice by private MICs. **In FY2019, the average management fee, trailer fee, and G&A expenses of the fund, were approximately 1.56% of the mortgage receivables outstanding, versus 1.55% in FY2018.** We believe this is in line with industry averages.

At the end of FY2019, management held 3.07% of the total preferred shares, versus 3.3% at the end of FY2018.

Vancouver RE Market Update

The following chart shows average home prices in Vancouver and Toronto.



Source: TREB and REBGV

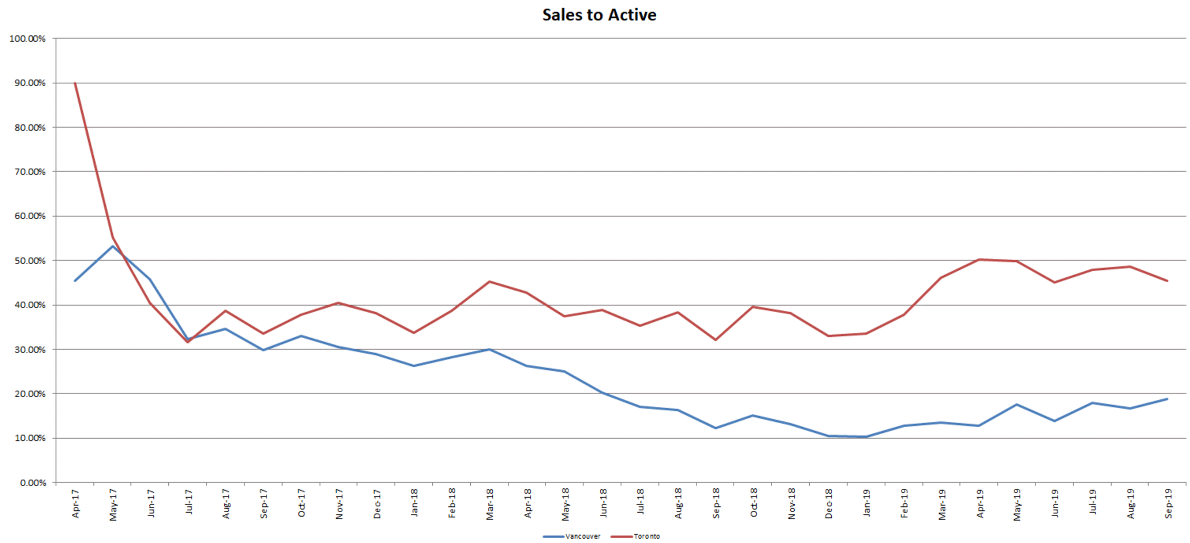
Vancouver's real estate sales, which declined every month on a YoY basis from February 2018 to June 2019, were up 24% YoY in July 2019, 16% YoY in August 2019, and 46% in September 2019. The average price was down 7% YoY in September 2019, and 0.3% MoM.

Metro Vancouver	Jan-18	Jan-19	YoY	Feb-18	Feb-19	YoY	Mar-18	Mar-19	YoY	Apr-18	Apr-19	YoY
Residential Sales	1,818	1,103	-39%	2,207	1,484	-33%	2,517	1,727	-31%	2,579	1,829	-29%
New Listings	3,796	4,848	28%	4,223	3,892	-8%	4,450	4,949	11%	5,820	5,742	-1%
Active Listings	6,947	10,808	56%	7,822	11,590	48%	8,380	12,774	52%	9,822	14,357	46%
Sales to Listings	26.17%	10.21%		28.22%	12.80%		30.04%	13.52%		26.26%	12.74%	
MLS Home Price Index	$1,056,500	$1,019,600	-3%	$1,071,800	$1,016,600	-5.2%	$1,084,000	$1,011,200	-6.7%	$1,092,000	$1,008,400	-8%
Metro Vancouver	May-18	May-19	YoY	Jun-18	Jun-19	YoY	Jul-18	Jul-19	YoY	Aug-18	Aug-19	YoY
Residential Sales	2,833	2,578	-9%	2,425	2,077	-14%	2,070	2,557	24%	1,929	2,231	16%
New Listings	6,375	5,861	-8%	5,279	4,751	-10%	4,770	4,613	-3%	3,881	3,747	-3%
Active Listings	11,292	14,685	30%	11,947	14,968	25%	12,137	14,240	17%	11,824	13,396	13%
Sales to Listings	25.09%	17.56%		20.30%	13.88%		17.06%	17.96%		16.31%	16.65%	
MLS Home Price Index	$1,094,000	$1,006,400	-8%	$1,093,600	$998,700	-9%	$1,087,500	$995,200	-8%	$1,083,400	$993,300	-8%

Metro Vancouver	Sep-18	Sep-19	YoY
Residential Sales	1,595	2,333	46%
New Listings	5,279	4,866	-8%
Active Listings	13,084	12,439	-5%
Sales to Listings	12.19%	18.76%	
MLS Home Price Index	$1,070,600	$990,600	-7%

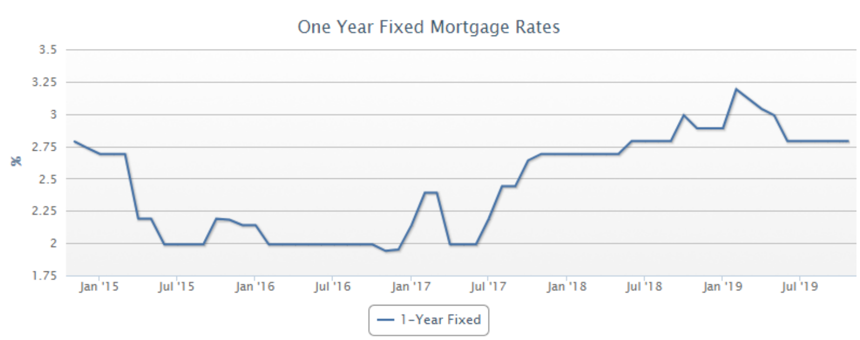
Source: Real Estate Board of Greater Vancouver

The sales to active ratio was 19% in September 2019, versus 12% in September 2018.



Source: TREB and REBGV

With the Vancouver market showing signs of stabilization, we have a cautiously optimistic outlook for new originations over the next 12 months. This is likely to be partially offset by a lower interest rate environment. Despite the steady benchmark rate, mortgage rates in Canada have been declining (as shown below), primarily due to the overall weakness in the economy.



Source: Ratehub

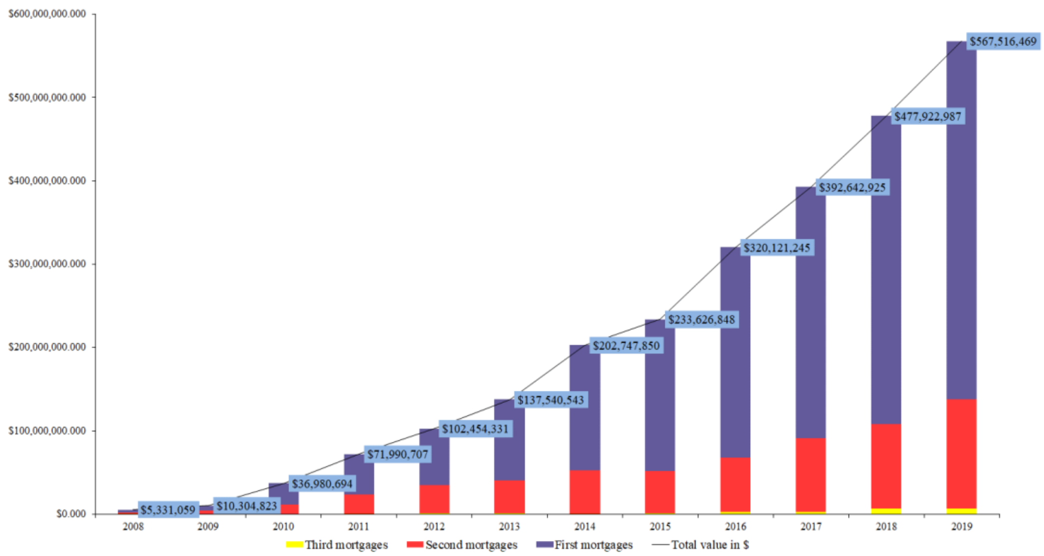
FRC Fundamental Research Corp.

Antrim's Performance in FY2019

As of June 30, 2019, the fund had $567 million in mortgage receivables (up 19% YoY) secured by 1,668 properties (average - $340k), up from $478 million by 1,328 properties (average - $360k) as of June 30, 2018.

The percentage of **first mortgages decreased slightly YoY** (from 77% to 76%). The percentage of first mortgages in the portfolio has been over 75% over the past few years, indicating management's strategy to maintain a low risk-profile. First and second mortgages accounted for 98.9% of the total at the end of FY2019, versus 98.7% at the end of FY2018. The following chart shows the distribution of mortgages.

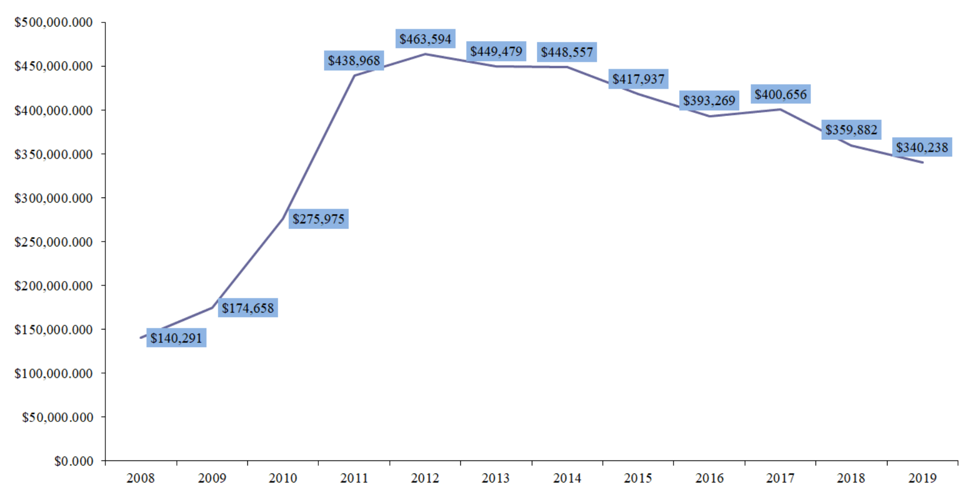
Portfolio Size



Data Source: Manager / Prepared by FRC

The average value per mortgage decreased by 6% to $340k, and has been on a declining trend since 2017. **We believe a lower average, typically, implies lower risk.**

Average Mortgage Value



Data Source: Manager / Prepared by FRC

The largest loan in the current portfolio is a $3.28 million loan (previously - $3.38 million).

Mortgage Term: At the end of FY2019, 100% of the mortgages had a term of less than 12 months, up from 87% at the end of FY2018. We believe lower duration (term) implies lower risk.

Term	2015	2016	2017	2018	2019
Less than 1 year	98.0%	94.7%	92.0%	87.3%	100.0%
1 to 2 years	2.0%	5.3%	8.0%	12.7%	0.0%

Data Source: Manager / Prepared by FRC

Type of Mortgage: Approximately 97% of the mortgages were secured by residential properties at the end of FY2019, versus 98% at the end of FY2018.

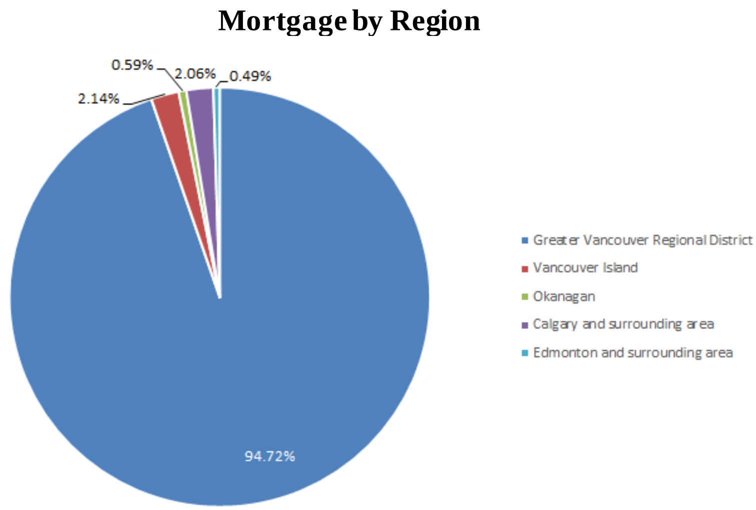
Property Type	2014	2015	2016	2017	2018	2019
Residential	84.69%	84.05%	85.00%	94.59%	98.12%	96.75%
Residential construction	7.61%	6.39%	2.64%	0.30%	0.00%	0.00%
Residential land	6.30%	6.59%	8.80%	2.66%	1.43%	3.22%
Commercial	1.40%	2.97%	3.56%	2.45%	0.45%	0.03%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

- *2014 -2016 are based on the number of mortgages, while 2017-2019 percentages are based on the value of mortgages.*

Data Source: Manager / Prepared by FRC

Loan to Value ("LTV") – The portfolio's LTV (based on appraised value when the loan was advanced) at the end of FY2019 was 59% versus 58% at the end of FY2018.

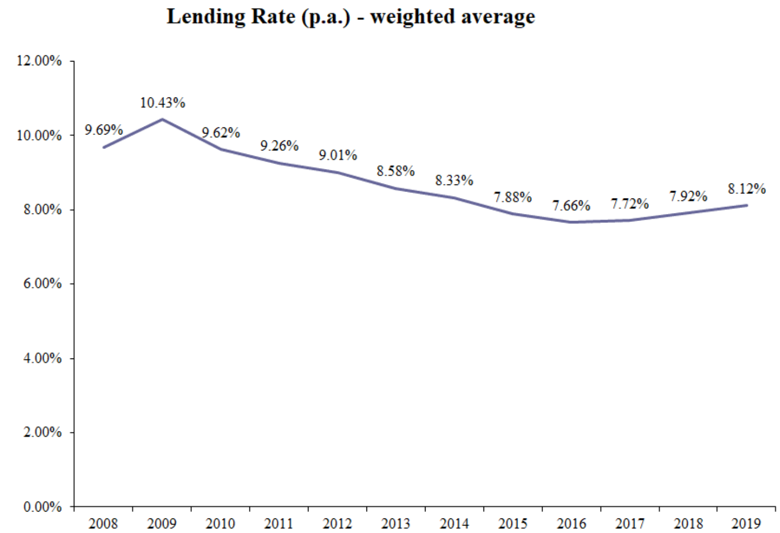
Geographical Diversification: Approximately 96% of the portfolio, as of June 2019, was secured by properties in B.C., unchanged compared to June 2018. The rest of the portfolio was secured by properties in metro Calgary and Edmonton. Although MICs tend to geographically diversify their portfolios as they expand, our discussions with management indicated that they will continue to focus on BC. They expect their exposure to AB to remain stable for the next 12 months.



Mortgages by Location	2014	2015	2016	2017	2018	2019
Greater Vancouver Regional District	396	455	708	889	1213	
% of total value	94.11%	88.15%	93.18%	90.71%	91.34%	94.72%
Vancouver Island	28	34	41	34	49	
% of total value	2.40%	2.74%	2.11%	3.47%	3.69%	2.14%
Okanagan	3	7	7	11	11	
% of total value	0.37%	0.61%	0.29%	1.12%	0.83%	0.59%
Calgary and surrounding area	25	56	47	36	44	
% of total value	3.12%	7.92%	3.82%	3.67%	3.31%	2.06%
Edmonton and surrounding area	0	7	11	10	11	
% of total value	0.00%	0.58%	0.60%	1.02%	0.83%	0.49%
Total	452	559	814	980	1328	1668
%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Data Source: Manager / Prepared by FRC

Lending Rate: The weighted average lending rate was 8.12% p.a. in FY2019, up from 7.92% in FY2018. As rates have been declining this year, we expect Antrim's average lending rate to be lower in FY2020.



Data Source: Manager / Prepared by FRC

The following chart shows the realized and unrealized losses and a few other key parameters of the portfolio.

	2014	2015	2016	2017	2018	2019
No. of Delinquencies	4	2	5	1	1	1
Foreclosures						
No.	12	7	2	10	6	26
Value	$10,306,136	$4,154,516	$469,285	$9,339,748	$6,594,967	$21,526,838
% of Total Mortgages	5.1%	1.8%	0.1%	2.4%	1.4%	3.8%
Total reported unrealized and realized losses	$402,671	$978,519	$730,357	$35,607	$345,478	$200,000
Total allowance at the end of the year	$933,660	$1,190,000	$19,855	$0	$300,000	$500,000
Realized losses (FRC est.)	$213,061	$722,179	$1,900,502	$55,462	$45,478	$0
Actual Losses (% of mortgage receivable)	**0.12%**	**0.33%**	**0.68%**	**0.02%**	**0.01%**	**0.00%**
Reinvested	$5,297,218	$6,110,951	$8,075,659	$10,851,740	$13,589,432	$17,292,623
Reinvested (as a % of Distributions)	51%	51%	51%	53%	54%	51%

Data Source: Manager / Prepared by FRC

We estimate that the MIC did not have any realized loss in FY2019. However, the number of foreclosures increased significantly from 6 ($6.59 million / 1.4% of total mortgages outstanding) at the end of FY2018, to 26 ($21.53 million / 3.8% of the total) at the end of FY2019. Our discussions with management indicated that the current level of foreclosures are within normal ranges, and that previous years' figures were extremely low. **Although the significant increase in foreclosures is concerning, Antrim's 3.8% is still slightly lower than the average delinquencies / foreclosures of comparables of 4%.** There was a provision for loan losses of $0.50 million (0.09% of the total mortgage outstanding) at the end of FY2019, because management estimates there is sufficient equity in all the nonperforming loans. Larger MICs tend to assign a general provision of 0.75% to 1.00% of the portfolio.

Despite a 19% increase in portfolio size, we believe the MIC's risk profile remains unchanged. However, we will be closely monitoring the fund's foreclosure / delinquencies going forward. The following chart summarizes the change in risk levels based on YoY changes in key parameters.

Parameter	Risk Profile
Total Portfolio Size	↑
Average Mortgage	↓
Diversification	-
Duration	↓
Priority	-
Property Type	↑
LTV	-
Defaults	↑

- *red implies an increase in risk / green implies a decrease in risk*

Source: FRC

Structure of the Fund

The following table shows the structure of the fund:

Outstanding Shares	2014	2015	2016	2017	2018	2019	% of Total
Class A	72,161,335	90,909,486	131,412,781	152,076,563	170,687,771	182,530,770	32.9%
Class B - Series B	59,692,503	58,063,066	57,779,309	60,505,204	78,033,963	108,237,001	19.5%
Class B - Series C	53,817,326	73,253,436	100,152,831	146,697,752	200,549,161	263,880,551	47.6%
Total	**185,671,164**	**222,225,988**	**289,344,921**	**359,279,519**	**449,270,895**	**554,648,322**	**100.0%**

Data Source: Manager / Prepared by FRC

Management and long-term shareholders own 100% of the common shares of the fund. As of June 2019, the fund had 555 million preferred shares outstanding, all of which were issued at, and currently priced at, $1 per share.

According to management, currently, approximately 75% (unchanged) of capital is raised through IIROC dealers and the remaining 25% internally.

The preferred shares (non-voting) are classified into: Class A, Class B - Series B, and Class B - Series C. Class A shares are sold directly by the fund to investors. Class B – Series B shares are sold through financial advisors who operate on a trailer fee model. Class B - Series C shares are sold through fee-based brokerage accounts. The following table shows the management fee and trailer fee associated with each class of shares. The expected returns for each class of shares vary with their trailer fees.

Preferred Shares	Class A	Class B - Series B	Class B - Series C
Management Fee (p.a.)	1.50%	1.00%	1.00%
Trailer Fee (p.a.)		1.00%	

Data Source: Manager / Prepared by FRC

Management fees and trailer fees (paid monthly) are tied to the principal amount of the mortgage portfolio. Management does not charge any performance based fee, which we believe is a common practice adopted by managers of low-risk funds focused primarily on first mortgages.

The preferred shares are eligible for redemption, at book value, upon submitting a redemption notice. This is a good aspect as comparable private funds tend to apply a redemption penalty in the first few years of investment. The following table shows redemptions since 2014, which we believe indicates management's ability and willingness to meet redemption requests. Our discussions with management indicate that redemptions have been high in recent years because of an increasing number of portfolio managers in the mix of investors, and portfolio managers tend to make more trades (buy and sell) through the year as part of rebalancing their funds.

	2014	2015	2016	2017	2018	2019
Redemptions:	$14,045,829	$14,626,869	$22,843,303	$46,303,531	$52,083,154	$80,347,804
Redemption (% of invested capital)	8.7%	7.2%	9.0%	14.5%	13.2%	15.8%

Data Source: Manager / Prepared by FRC

Financials

The following table shows a summary of the income statement since 2015.

Income Statement	2015	2016	2017	2018	2019
Revenues					
Interest Income	$16,504,313	$21,835,134	$26,987,817	$32,900,525	$43,256,237
Fees	$81,157	$38,036	$53,441	$64,997	$129,111
Mortgage discounts earned					
Other interest	$257	$188			
Rental income	$17,385				
	$16,603,112	**$21,873,358**	**$27,041,258**	**$32,965,522**	**$43,385,348**
Expenses					
Management fees and trailer fees	$3,209,866	$4,081,028	$4,967,674	$5,892,132	$7,308,593
Interest and bank charges	$231,559	$903,142	$890,396	$942,395	$1,018,998
G&A	$176,989	$307,031	$659,502	$833,369	$855,657
Renewal fees	$51,900				
Property losses	$999,093	$311,948	$16,215		
Mortgage losses (recovery)	-$20,574	$418,409	$19,392	$45,478	$200,000
	$4,648,833	**$6,021,558**	**$6,553,179**	**$7,713,374**	**$9,383,248**
Net Income	**$11,954,279**	**$15,851,800**	**$20,488,079**	**$25,252,148**	**$34,002,100**

YE – June 30th

Revenues grew 32% YoY, from $33 million in FY2018, to $43 million in FY2019. Net Income increased by 35% YOY, from $25 million to $34 million in FY2019. **Both figures are the company's highest ever since inception in 2007.**

Interest + Other income as a percentage of mortgage receivables were 8.30% p.a. in FY2019, up from 7.57% in FY2018, due to the higher lending rate mentioned earlier in this report.

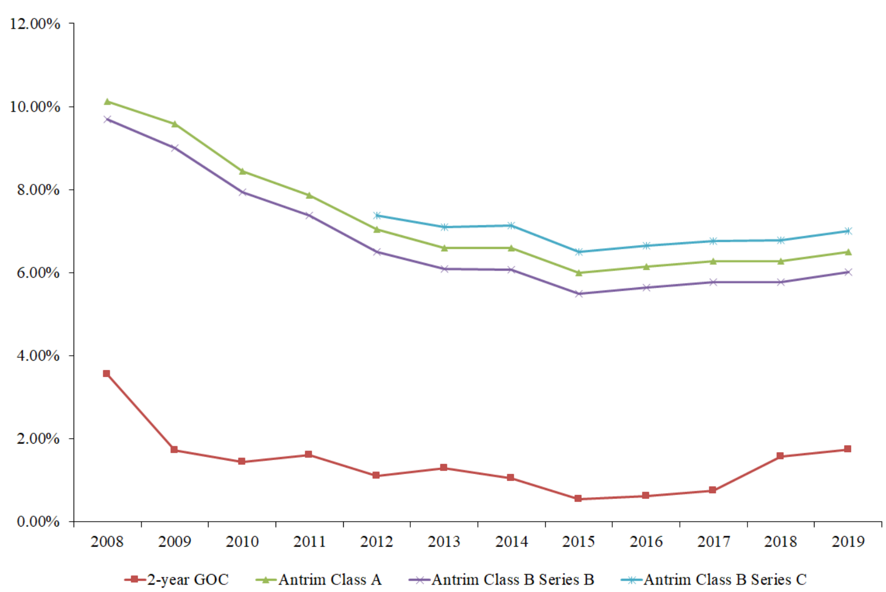
% of Mortgage Receivable	2014	2015	2016	2017	2018	2019
Interest Income	8.15%	7.50%	7.84%	7.57%	7.56%	8.28%
Fees	0.04%	0.04%	0.01%	0.01%	0.01%	0.02%
	8.21%	**7.54%**	**7.86%**	**7.59%**	**7.57%**	**8.30%**
Less:						
Management fees and trailer fees	-1.66%	-1.46%	-1.47%	-1.39%	-1.35%	-1.40%
Realized losses	-0.12%	-0.33%	-0.68%	-0.02%	-0.01%	0.00%
Unrealized losses / Provisions	-0.11%	-0.12%	0.42%	0.01%	-0.07%	-0.04%
Interest and bank charges	-0.20%	-0.11%	-0.32%	-0.25%	-0.22%	-0.20%
G&A	-0.09%	-0.08%	-0.11%	-0.18%	-0.19%	-0.16%
Renewal fees	-0.02%	-0.02%	0.00%	0.00%	0.00%	0.00%
Net	**6.00%**	**5.43%**	**5.70%**	**5.75%**	**5.80%**	**6.51%**
Investors' Returns as a % of Invested Capital	6.37%	5.87%	6.26%	6.40%	6.39%	6.69%

Note that the above figures may be slightly different from the figures reported by Antrim due to the difference in the method of calculation. We used the average of the opening balance, and year-end balance of the mortgages outstanding, and invested capital, to arrive at the above figures.

Data Source: Manager / Prepared by FRC

The following table and chart show investors' yields relative to GOC 2-year bonds:

Investors' Returns	2014	2015	2016	2017	2018	2019
2-year GOC	1.05%	0.54%	0.62%	0.75%	1.57%	1.75%
Antrim Class A	6.60%	6.00%	6.15%	6.27%	6.28%	6.51%
Antrim Class B Series B	6.08%	5.50%	5.65%	5.77%	5.78%	6.01%
Antrim Class B Series C	7.13%	6.50%	6.65%	6.77%	6.78%	7.01%



Data Source: Manager / Prepared by FRC

The following table shows a summary of the company's balance sheet. The total loans outstanding increased by 19% YOY from $478 million to $567 million by the end of FY2019.

Balance Sheet	2014	2015	2016	2017	2018	2019
Assets						
Cash & funds held in trust	$1,009,491		326,124	2,561	1,587	1,988,608
AR / prepaid expenses	$38,446	$110,252	$113,812	$126,475	$137,388	$871,124
Interest receivable	$1,100,979	$1,239,319	$1,673,449	$1,986,649	$2,341,327	$2,973,023
Properties held for sale		$2,759,090	$214,853			
Mortgages receivable	$200,897,230	$233,576,848	$320,121,245	$392,642,925	$477,922,986	$567,016,469
	$203,046,146	**$237,685,509**	**$322,449,483**	**$394,758,610**	**$480,403,288**	**$572,849,224**
Long term mortgages receivable	$1,646,960					
Property acquired by foreclosure	$1,515,514					
Software	$1,548	$506			$7,481	$44,555
Total Assets	**$206,210,168**	**$237,686,015**	**$322,449,483**	**$394,758,610**	**$480,410,769**	**$572,893,779**
Liabilities						
Bank indebtedness	$18,651,614	$13,406,830	$29,579,920	$30,359,377	$24,880,974	$9,974,625
Accounts payable & others	$295,240	$353,258	$528,723	$604,846	$747,500	$1,034,828
Due to related parties						
Dividends payable	$1,591,645	$1,700,708	$2,996,688	$4,515,638	$5,512,170	$7,536,775
Rental deposits	$1,275					
	$20,539,774	**$15,460,796**	**$33,105,331**	**$35,479,861**	**$31,140,644**	**$18,546,228**
Preferred shares - Class A	$72,161,335	$90,909,486	$131,412,781	$152,076,563	$170,687,771	$182,530,770
Preferred shares - Class B Series B	$59,692,503	$58,063,066	$57,779,309	$60,505,204	$78,033,963	$108,237,001
Preferred shares - Class B Series C	$53,817,326	$73,253,436	$100,152,831	$146,697,752	$200,549,161	$263,880,551
	$185,671,164	**$222,225,988**	**$289,344,921**	**$359,279,519**	**$449,270,895**	**$554,648,322**
Shareholders' Equity						
Share capital	$11	$12	$12	$11	$11	$10
Deficit	-$781	-$781	-$781	-$781	-$781	-$300,781
	-$770	**-$769**	**-$769**	**-$770**	**-$770**	**-$300,771**
SE + Liabilities	**$206,210,168**	**$237,686,015**	**$322,449,483**	**$394,758,610**	**$480,410,769**	**$572,893,779**
Debt to Capital	9.2%	5.7%	9.3%	7.8%	5.2%	1.8%

Data Source: Manager / Prepared by FRC

Line of credit – The fund has a line of credit with TD Trust Canada for $75 million (previously $50 million). The interest rate is prime + 0.75% p.a. (unchanged). As of June 30, 2018, the fund had used just $10 million, reflecting a low debt to capital of 1.8%. Larger MICs, we estimate, tend to use a higher debt to capital in the 20% to 40% range. Management does not intend to have a debt to capital higher than 15% to maintain the fund's low risk-profile. We note that it is not uncommon for MICs focused on first mortgages to not use much leverage; such MICs typically use debt to meet immediate cash requirements, and not as a strategy to enhance returns. These funds adopt this strategy to ensure that their risk profile is very low.

Risk

We believe the following are the key risks of this offering (most of the risks mentioned below are industry specific and impact comparable MICs as well):

- There is no guaranteed return on investment.
- Loans are short term and need to be sourced and replaced quickly.
- Timely deployment of capital is crucial.

- A drop in housing prices will result in higher LTVs, and higher default risk, as the value of collateral decreases.
- Volatility in real estate prices.
- The preferred shares do not have any voting rights.
- High average loan size.
- Preferred shareholders' principal is not guaranteed, as the NAV per unit could decrease from current levels (as a result of loan losses).
- Loans are primarily interest only loans.
- The fund has the ability to use leverage, which would increase the exposure of the fund to negative events. Note that the fund uses much lower leverage than its peers.
- The fund can invest in second and third mortgages which carry higher risk.
- Redemptions are not guaranteed.
- The fund will have less geographical diversification than peers as management intends to continue to focus on BC.

Rating

As we are cautiously optimistic on Antrim's target areas, we believe the MIC will have a healthy pipeline for new originations. This positive impact will be partially offset by a low interest rate environment. Antrim's mandate to maintain a reaonsably low risk profile makes it attractive for investors with a larger focus on capital preservation rathern than yield generation. **We expect investors' yield in 2020 to be in the 6% - 7% p.a. range depending on the type of shares held.** Management indicated to us that they expect yield to remain stable or increase by 0.05% - 0.10% over the next 12 months.

We are maintaining our overall rating and the risk rating at 2. Despite the significant increase in foreclosures, we are maintaining our risk rating as the Vancouver market is showing signs of stabilization, the portfolio's average LTV remains under 60%, and Antrim's primary focus remains on first mortgages on owner occupied single family units, which we believe has the lowest risk profile among property types. As mentioned earlier, we will be closely monitoring the fund's foreclosure / delinquencies going forward.

FRC Rating	
Yield (2020)	6% - 7% p.a.
Rating	2
Risk	2

Fundamental Research Corp. Rating Scale:

Rating – 1: Excellent Return to Risk Ratio
Rating – 2: Very Good Return to Risk Ratio
Rating – 3: Good Return to Risk Ratio
Rating – 4: Average Return to Risk Ratio
Rating – 5: Weak Return to Risk Ratio
Rating – 6: Very Weak Return to Risk Ratio
Rating – 7: Poor Return to Risk Ratio
A “+” indicates the rating is in the top third of the category, A “-“ indicates the lower third and no “+” or “-“ indicates the middle third of the category.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk)
2 (Below Average Risk)
3 (Average Risk)
4 (Speculative)
5 (Highly Speculative)

FRC Distribution of Ratings			
Rating - 1	0%	Risk - 1	0%
Rating - 2	30%	Risk - 2	8%
Rating - 3	47%	Risk - 3	41%
Rating - 4	9%	Risk - 4	33%
Rating - 5	4%	Risk - 5	8%
Rating - 6	1%	Suspended	10%
Rating - 7	0%		
Suspended	10%		

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