



Don't Get
Burned

"DON'T GET BURNED"

Dear Investor ,

There is a lot going on in the world that you might be concerned about. Short term rates continue their rise, while stock markets move in the opposite direction. Even cryptos are falling precipitously. *(Everything seems to be correlated!)* There are still shortages in many commodities even though demand is waning. Rents are creeping back up. Higher inflation is no longer transitory, it is a reality.

Tri City Group Monthly Income Mortgage Trust ("TCGMIMT") and Tri City Mortgage Fund Ltd ("TCMIF"), have been making changes too. Both funds have been slowly pushing down Loan-to-Values on new deals,

while increasing rates/fees. They have also been tightening defined parameters on the type of properties/areas to lend on. The goal is to boost yields while reducing the portfolio's risk profile.

TCGMIMT is still growing and taking in new investments (however, TCMIF is closed to new investments). We believe if TCGMIMT can continue this pace, they may be on track to deliver **extra % returns to A series unitholders** beyond the target rates (8.0%* for Series A-1; 7.0%* for Series A-3) at the end of this year. *<This is in the range of how TCMIF performed in its first 7 years, a track record to be very proud of.>*

Your investment in TCGMIMT and TCMIF represents a belief in real property as a long-term growing asset. Unlike many financial instruments that have little utilitarian underlying assets (*i.e. crypto, derivatives, etc*), your Tri City units are based on mortgages secured over mostly residential properties (95%+ for TCGMIMT). Over the longer term, we believe that with continued increases in immigration numbers to this country (a certainty in 2022 and 2023), real demand for shelter will outweigh any market disturbances caused by government policies (*i.e. - interest rates, taxes, etc*). This steadily growing demand for housing over the long run, will eventually push back up on the values for years to come, irregardless of short-term market corrections. This will be most strongly felt in B.C. (or core lending area) and in Ontario (where we will expand into next year). Since most mortgages are being written for a 15-month duration, both Mortgage Trusts can also pivot relatively quickly should adjustments need to be made to pricing and loan-to-value ratios.



With inflation still increasing and household expenses significantly on the rise, we believe it is prudent for retail investors to keep looking for ways to **BOOST income/cash flow** to offset extra costs (ditto institutional investors looking to offset capital losses) - in fact, we believe it is critical to have such an investment strategy right now. TCGMIMT A-3 Units delivered its 7.0%* target return in 2021 and it is looking to surpass that number for 2022. *<Note = up until recently, competitors such as Capital Direct were advertising returns in the Globe and Mail in the low 6% range; which is quite a bit smaller than the 7%* and beyond TCGMIMT is pushing for >*

If you are looking for additional practical advice on investing, an excellent article was written some months ago by John Heinzl at the Globe and Mail called **"An Open Letter to Young Investors"** (the article is relevant even for older investors).

If you are looking to make an investment, but still would like to know more, please contact our Exempt Market Dealer, Harbour Park Capital Partners Ltd

(contacts below). They can help you with any questions and provide some guidance on your financial position. Have a terrific summer!

Sincerely,

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** E. & O. E. Past performance is not indicative of future returns. All return figures are for a 1-year period and are calculated based on the reinvestment of distributions. Investors who choose to take their distributions in cash each period, may have a slightly lower return than that shown in this newsletter*

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