CFIT Webinar December 2020

Welcome all to the Centurion Financial Trust, yearend review and 2021 outlook webinar featuring Daryl Boyce, executive vice president corporate finance and Chris Lewthwaite, Senior Director of Corporate Finance for Centurion Asset Management.

Thank you all for joining us. My name is Paul Mayer, Head of Sales and I will be moderating this discussion with Daryl Boyce, the Daryl and Chris, about the North American private debt sector and the Centurion Financial Trust.

By way of background, Daryl is a 30-year commercial lender, having spent 25 years at Scotia Bank, where he managed a senior lending portfolio which included leading and managing a variety of specialized and syndicated finances.

Chris has over 15 years' experience in corporate lending and finance with 13 years spent at Roynat capital, which is the private finance arm of Scotia.

Daryl oversees CFIT's corporate finance investment, and Chris serves as senior member of the team.

Now this webinar will follow a question and answer format of previously submitted questions and should last about 45 minutes. A recorded version of this webinar will be available on our website.

Before I begin my question and answer with Daryl and Chris, let me just provide a brief portrait of the Centurion financial trust. CFIT was launched four years ago in order to capitalize on opportunities emerging in the North American private lending space as traditional banks began restricting capital in favor of their largest clients.

The CFIT portfolio holds a diversified portfolio of multifamily mortgages and private corporate debt for which Daryl and Chris are responsible. They share Centurions conservative investment ethos, which is reflected in their underwriting of highly collateralized debt instruments of well managed mid size operating companies. Since its inception, it has enjoyed an annualized rate of return of 8.6%, completely uncorrelated to public markets. And its year to date eighth class return is 6.8% 7.8% for f class. CFIT also enjoys the highest yield of all Centurion funds at an A class cash yield of 6.8% and an F class cash yield of 7.7%. I'm very pleased to have the opportunity to lead this discussion with Daryl and Chris who both sit at the centre of the Canadian private debt sector. So Daryl, Chris, welcome. It's great to have you here.

And thanks for having everybody.

Yeah, it's actually it's an excellent turnout. So I look forward to having a wide ranging discussion about private debt.

Q. And so to begin Daryl, how did your knowledge and experience in the private debt sector serve to inform your structuring of the fund and now the managing of the fund?

A. Well, I'll call on the on the structuring of the fund. I'll take us back to October 2016, which was when I joined Centurion and really the structuring of the fund was a group effort or joint effort of Greg

Romundt, founder of centurion and myself. From our standpoint, we thought there was a unique opportunity to leverage what well I guess Centurion's state opportunities trust that started in 2013 and over the course of 2013 through 2020, as executed over 600 million in real estate homes. The terrain is opportunity and tremendous fight and a deep team that was well connected to fill that. So from CFIT's perspective, there's an immediate traction into launching the product at the same time it provided CFIT to have a base of business base of commercial real estate involves and to selectively and opportunistically look at corporate development. So then on the corporate development side, we looked at the market and we saw it was rather US market. We thought it was rather specialized in Canada. You had a number of we'll call them restructuring lenders, bridge term bridge or short term lenders, factoring lenders that some companies that were into antacid based loans and you also had some lenders are just focused on lending by way of royalties. It was a very specialized work. And as Greg and I looked at it, we thought, you know, why limit ourselves, right, restrict ourselves? And we thought there was an opportunity to be rather a bespoke provider of financing solutions, primarily senior debt financing solutions. Now, one of the things that we've done and we may continue to do is we may do asset based loan, and we've had great success with those types of loans, but at the same time, we want them they've met ourselves up. And over the course, actually, over the first couple of years, we have pivoted a little bit, we've pivoted a little bit to be more of a term lender, more than the two to five year term. And part of that is strategic. We saw that one of the repercussions is to have a real high content of short term bridge loans, because all that capital is coming back in the same time or could come back at the same time. A little bit of pressure to deploy that capital. And we certainly didn't want to put ourselves in that situation. So we think term and lending over two to five years and straddling the investments over the different horizons makes sense. Now in terms of managing the fund while we approach that from several aspects, and the first aspect, we assembled a team of experienced lenders, strong credit acumen strong or deal source. Second aspect is we wanted to perform a rigorous credit assessment, something that would do a deep dive each and every time we looked at an investment opportunity. Simply we were aware that there was a number of funds that talked about executing in three weeks or less and that was a big attribute of deploying capital. Perhaps because we have not having to move capital as quickly because they invested in real estate loans. We didn't feel that pressure. We also felt an opportunity to do a deeper dive. We have collaborative business relations features for their borrowers, and it certainly gives us an opportunity to feel compelled to complete the financing. And the past year, we had a financing looked at for over three months due diligence and ultimately we walked away from that financing because it didn't meet our standards. The third component of this is a strong board oversight. So amongst our board members or external board members, there's over 30 years of experience. Ken Miller our of our investment committee,

the CIBC and head of their special loans department. The fourth aspect for us and this is another component that from Chris's standpoint and my standpoint, given our culture strong credit culture rolling from our Scotiabank backgrounds was we wanted strong risk monitoring and strong risk rating processes and tools and standards that we think number one, protect investors interests, and also what's expected of the centurion and brand and also allow us to meet and or exceed the Office of the Superintendent for financial institutions, institutions OSFI we're not in a regulated industry. But we think that at some point in time we ever do, we will meet if not exceed those standards. And so we set the bar pretty high in our office.

Q. Well thank you so much for that great overview in terms of the structure of CFIT. And that really gives people a sense as to the evolution of the fund. Turning to you, Chris, let's take a look at the current economic environment. I was wondering if you could perhaps describe to people who are on the web right now is what is the need for private capital by mid sized companies. And what are the trends that you're seeing now in that type of financing?

A. Absolutely happy to speak to that Paul. I would say if you if you rewind the clock a little bit you look back to the prior recession. And what happened there that really is what gave rise to the private debt asset class. First and foremost. What you saw back in the credit crisis days was the banks really pulled back and retrenched from commercial lending, not just from a perspective of portfolio management but also due to regulatory factors that were coming into their business, escalating costs of capital that were affiliated with that, and that sort of thing. And some of the research that we've done is when you went back and analyze that timeframe, if you went from the peak to the trough of the lending activity from the big five banks, big six banks, I guess. It probably took them about six fiscal quarters between when their lending activity and their portfolio started shrinking to when it started building up again. And that basically is what gave rise to general. And that was I think some people would argue that was more of a V shaped recovery. So we very much see that same dynamic at play today. And what's been going on with COVID. And our view, it's not so much the case that there's a lack of good companies out there to lend to there's a lot of very solid companies that have strong credit worthiness. It's just that given what's going on in the in the bigger realm of their portfolios, they're not really getting the attention and the support that they need. And that's primarily where the the opportunity comes from receive it. And I think beyond that. The other key advantage is, you know, funds like ourselves and be able to prove through these difficult times that the portfolios have held up well, the credit underwriting and thoroughness of the work that we do, that's clearly been rewarded in the results. And so I think that's going to improve investor confidence going forward as well. And then the final point I would mention is in any good credit analysis and presentation that we put forward, whether in this organization or in our prior lengthy careers of doing this as part of institutions, a key element of everything that you build into a good analysis is a downside case scenario. And the interesting thing in this particular timeframe is the the downside case analysis is not theoretical right now. It's real, because any company that we would look at that we've deemed to be a good candidate to lend to, has just been probably through the worst period they've ever been through in the last one years. So if you can see how management has performed and delivered and managed through those trying times, it really gives you a good inclination of how strong these companies are as creditworthy borrowers. So all in all, I think it's the next year, year and a half looks quite promising for well positioned funds.

Q. Just to pick up on that in terms of trends, or is there like a little bit of growth in distress lending you know, are people looking over the lender and the borrower shoulders for antacid back lending, any trends that you're identifying and where we might be able to feed the need that is not being met?

A. I would say it's all of the above. And it does vary, you know, to a certain extent by the institution and how they respond. You know, we've seen great quality companies that have a minor covenant issue that are being asked to be refinanced on the one hand, but then we've also seen other cases where good quality borrowers are being pursued aggressively by the banks with just as aggressive pricing terms and conditions of what they were before. I think the critical thing for a group like ourselves is to be able to

pick through, you know, the opportunities to really identify, you know, fundamentally what's going on to drive that business and it's the next two to four years. That's the only thing I might add to that is we are seeing a couple of sectors some service SaaS companies, particularly their offering is related to work from home. And also food and beverage sector is showing of activity in terms of the current trend.

Q. And I want to just jump right now into sort of the deal flow, how does that look for CFIT, you know, maybe elaborate on those different sectors and what we see coming over the transom?

A. Sure. And to our how we work it, we generally generate about 40 to 50 prospect opportunities or deals look at each quarter. We follow them down and look to identify what we call qualified investment opportunities. These are opportunities where we think there's a real good chance that we're going to issue a term sheet or discussion paper and proceed to a commitment. And those are really kind of the key performance indicators that we establish for ourselves and for the fun part, qualified investment opportunities. We have a bulk fuel distribution business, a two and a half million dollar senior debt opportunity that was actually reviewed by our board the other day, and approved aerospace and defense company that's an 8.25 senior debt financing. But this is a company with only provided discussion paper two, and we're working through the process. We have a technology company coming back to that that theme of technology companies. That's an 11 point 5 million senior debt financing we have a chemical producer and distributor that is five and a half million senior debt financing. We also have a advertising technology company 10 million senior debt financing, remediation emergency services, which is 10 million senior debt financing. All tool their current qualified prospects total approximately 47 million. We also then have a series of other prospects that we've not yet qualified probably have about another 50 to 60 million in quality in other prospects that may lead into what we call our qualified pipeline. But I think you can tell from the sectors that we're looking at, we're looking for companies that are resilient in good economic times or more challenging economic times. You know, from certainly from my background, you know, we looked at you know, I was financing in the early 90s, when interest rates were Primus double digit, and it was a challenging time, and I were younger, back in the day that I had, I had a look at a lot of food and beverage companies because that's what always came through for me. So I understand what we've just come through. We're pleased with our portfolio and CFIT and we had a good this COVID year and we’re feeling pretty good.

Q. That's great, sounds like you have a really good deal flow. Daryl, back to you actually as well. This gives you an opportunity to really crow about the team that you've assembled. I know that you’re very proud of the corporate deck team you’ve assembled, I’m wondering if you could give a background on the team and then also transition onto your investment process and how you go through a credit review of the company.

A. So I think you mentioned a little bit of my background starts when I was 25 year commercial lender at Scotiabank. I started lending to small companies and medium sized companies, large companies. My last eight years I operated out of what was called Cisco and Scotiabank Scotia Plaza. I ran the largest portfolio in the country, a portfolio that included both public and private companies, and led large syndication, some are sometimes upwards of 613 banks. And it was also a time that I was fortunate enough to work with the banks credit department. And in a time that we certainly realized how senior debt lenders are particularly secure and safe and the actions that you can take as a senior debt lender, unlike somebody who's in the equity box, that was the first line of loss is almost the equity burden, but

senior debt is largely protected. So to begin with, Chris, do you want to just maybe tell your own background?

Yeah, I've been lending to in financing companies for about 20 years. I got to know Daryl, before we reconnected, working together, and the bulk of my experience has actually been small, medium sized enterprises. So lending subordinated debt, mezzanine capital and also private equity. And I think that one of the things that really was compelling about joining up with Daryl and this opportunity was just not only the nature of what I saw going on in the depths here, but also the ability to kind of leverage what I thought was my background in a bit of a different way. As it relates to debt. And I think the and I know Daryl’s background has private equity component, as well. And I think that mindset allows us to take a bit of a different view on pending as maybe some of our peers in the industry do. So when you're a private equity investor you don't have the luxury of looking at fixed assets, security or covenants or that type of thing. Really at the end of the day to drive returns to private equity investor, you really have to understand his strategic vision of the management team, the opportunity in the market, and ultimately the end of the day, the key drivers have enterprise value for that business. And ultimately down the road when it comes time to exit. You can't just say we want our money back. It's a maturity date, and you need to repay us or refinances. You have to actually go and sell the company. So you have to be very mindful of you know, what's this company going to be worth in different scenarios and who wouldn't be a likely buyer for it. So I think in what we do every day and in looking at, well north of 100 opportunities here. Not only are we looking at the security underpinnings the way any other private debt lender, but in terms of what's you know what can I collect on the receivables in the inventory, or the equipment for that value? But we're also taking a broader view and the enterprise value of that company and what would shape it so for instance, that deal that Daryl had just mentioned that we're going to be closing before Christmas. There's a real strategic underpinning to that company. Whereas in this case, not only do we do know, do we know what the underlying asset value is, we know if we ran into a challenge, who would buy this company and for very clear reasons as to why and we all know that when you sell something as a going concern this whole your success, your chances of success, successful outcome are much more elevated relative to breaking it up and selling it pieces. So that's probably a key component I will speak to and then similarly, I would say the other key aspect of what differentiates CFIT relative to maybe some of our peers is because we were targeting you as a sweet spot and two to four year term. Because you're not under on this constant treadmill of recycling capital to maintain a lap. You're developing longer term relationships with these companies. So in your due diligence, you know, good due diligence is done. It takes time takes thoroughness and takes attention to detail. And because these loans are getting put on for 2345 years, in some cases, that allows you to be a lot more thorough in evaluating that business, and then forming a relationship with that company. So as part of that, you know, you're always going to hit bumps in the road at different points in time with some investments here. But being able to leverage and have that regular ongoing dialogue with portfolio CEOs is critical and a couple of the clients that I manage very closely through the early days of COVID. We were speaking to them on a weekly basis and actually being used as a sounding board. So the key point to that is, you know, we all do our quarterly reporting, the numbers come in 45 days. Sometimes what happens is, the factors that drove those results become stipulated information. So we try to get in front of the results have that regular dialogue point where oftentimes we can almost predict or know what the numbers look like when they come in. And that allows us to be more proactive and more responsive, to adapt and adjust if we need to during the life.

In addition to Chris, who was a senior director, we have two directors on the team. We've got Sean Grady, who was also came to us from going at four years with Fortinet and Vijay Kilambi. Vijay is a full time member of the seafood team from time to time gets involved in seafood financings, he's more often involved in the real estate opportunities and the real estate side, but as gives us an extra resource to drop off. Derek Weigel is our Senior Investment Analyst. Now in his third year with us he's now I'm an aspiring director himself and somebody that person I have a lot of time and energy and developing and we're quite very proud of Derek, our ace in the hole we'll call. We'll call Gordon Gordon. It's our ex Deloitte chartered accountant. Gordon brings to us an extra resource. So in my Scotia days, if I was looking at a company and I was doing some pretty large financings, and I had to do some stress testing on revenue on a company's forecast I take maybe five 10% haircut on sales, maybe a five 10% adjustment on cost of sales. expense categories, worsening to the extent of stress testing. That's what we did. One of the things to see is an extra resource an extra level of level of digging deep on that forecast. This will work Gordon does is he goes in totally completely reconstructs the company's forecast. For example, if you're a commercial Baker of chocolate chip cookies and look at every aspect we'll get that recipe will get the job. Can you show us your invoice for John? Oh, can you show us your hydro invoices, and Gordon will look at reconstruct that complete forecast. And then look at Chris and tell us what stands out every year which will speak to suppliers customers. So it's an extra data making sure no one is largely the team helps us well so we begin after we've identified that investment and we hope to provide medical our discussion for the present. Greg is essentially the chief investment officer of sanctuary and of center connecting trust and then we'll also look to involve external board members in the ordinary course. That term sheet we usually made and we have an exclusivity provision that committed to us both from the standpoint and also from the exclusivity standpoint. The management follows site visit due diligence process starts as completed. We then engage at this point in time we engage Gordon to do a full deep dive into complex forecasts. If ultimately due diligence is satisfied. We then start to complete a full on investment summary. I could go through them and give you a glimpse not sure how we're doing timewise for that, but suffice to say we lead we lead our current board through the talk of the financial results and time management of the company. And an overview of the company, a full security assessment, a full talk at the balance sheet, what's the different components in the balance sheet? We also look and present that to our Investment Committee board discussion. From the board discussion we if we achieve approval, commitment, coinciding with that investment summary. Very important for our process is complete the risk rating is important not just to confirm your rating, and say yeah, I'm frustrated, but it's important to monitor and so we link that risk rating up with the company's internal results and internal reporting process. And one of the songs some of the components that go into reverse. Well, the market standpoint we look at financials 35% of the consideration and when we look at financial was not just one.

We're talking about debt servicing, on Capitol leverage, quality of financial reporting, historical and projected financial trends historical and projected revenue, gross margin, profitability, EBIT, da, score there we evaluate each of those components and get a score relative to that 35%. We also look at security, which is 30% of our risk rating. We look at the cash conversion cycle valuation and look at the asset coverage. We looked at the exit strategy. What's the refinance recapitalisation? Asset Sale enterprise value considerations? As Chris has mentioned earlier, we're looking at liquidity and exposure over time. Management is 20% of our consideration do they have the skill on tenure, education and certification for personal net worth skin in the game, infrastructure and support governance and organization structure? Governance is also something that's often overlooked. Succession planning we

looked at who's going to be able to step into the CEO choose quality and frequency of information. You can report this is actually one of the reasons why we walk away from the last three months intelligence. It just didn't feel right to get the quality of information and frequency the timely basis to monitor particularly in the last 15% is environmental. This whole situation we're looking at industry, we're looking at competition, we're looking at competitive advantages and disadvantages. We're looking at vulnerability to economic impact. So a lot of things go into our analysis. Certainly view underwriting as a speed, speed and perhaps have the benefit of knowing that when we need capital we'll drop on it and reduce maybe our composure or exposure or percentage of real estate loans and move that over to a corporate debt financing. First, anything to you think we should add to that?

Yeah, maybe a couple of quick points. Just to elaborate. One thing that you touched on there, Daryl. I think if you look at our particular environment and what our approach is, I think there's a real sweet spot to what we're doing from a couple of perspectives. One is earlier in the year when we were just in the early days of COVID. We really took a step back and kind of looked at the marketplace in Canada, particularly in North America, in terms of where the best opportunities were in our bond. So where can you find the best quality deals getting the best return combined with the best downside protection? And I think we've been refining our approach in the last year and a half to really go after that and we think it's predominantly in the two to four year term space. And I won't repeat what I was saying about more thorough due diligence, and all the rest of it. But the fact that we're serving in our minds, but it appears to be a bit of an underserved niche in the market, you know, relative to bridge lending and ABL and all those other tried and true market offerings have been around for the last 20 years. We think this is a segment of the market that is starving for capital and you can really put together intelligent well structured deals. The other part of it, I think where the rubber really hits the road for what we're doing in particular, is, you know, early in my Roynat days, the real calling card of that organization at the time was creativity and deal structure. So how do you take predominantly what's a complex situation? unravel it identify what your risk issues are, and how you properly mitigate those risks. And I think the ability that our group has, is doing exactly that. And a couple of the deals in our portfolio, we can speak to at length in terms of how we're able to structure a deal that in certain cases you know, one deal in particular really is a bank type risk. It's a prime plus one prime plus to one find it financing. But the fact of the matter is that it would take a more seasoned, experienced and insightful lender to be able to unravel and figure out the situation and then structure an intelligent deal around that. That in that case allowed us to put together a deal charging for shorter than 1% coupon. So I think it's those two aspects structurally being in the right segment of the market to find the right deals where you can kind of command pricing and put together to take the deal you want. And then second looking at things with a more open minded creative focus, which again, Daryl is pointing takes a little bit more time in your underwriting to build to make sure that you've covered your bases properly, and you've protected that investment with the risks that you can identify in the process.

Q. That is absolutely excellent. The way you really outlined before it's different investment and credit process. Frankly, that's the best understanding I've ever gotten. So thank you so much for that. What are we now pass over to the portfolio? care to comment on the current loans on your on the books right now?

A. Yeah, so we have Florida health care company, we've had this for a little while. This has been one of those situations where I think I mentioned as a senior debt provider, you're always the most protected. there happen to be in the equity box, you're the first person to be protected. And this company here is a company where do we become involved and we thought there was a sun solid underpinnings of an outstanding company. We thought there was a real chance for this company to go public on the TSX. All I'm saying is as much as they were very demanding in terms of M&A, they're actually ahead of their time in terms of health care clinics in South Florida. And one very good. Start short, we ended up putting this company into the syndicate. Little bit of challenge over a course of time with our lack of visibility as to what the Master Plan was this percentage than we did. But ultimately, we've come through a restructuring the senior lender and ourselves we now we're both senior lenders. We now own 95% of this company. Again, that's South Florida. restructuring the senior debt so that we again now at the senior debt buyers can just take what we had outstanding and we'll just reposition this component of senior debt than the new company. We also have the percentage of the equity in this company. So, where do we currently stand? Well, I'm on the board of this new company. We have the visibility that we've lacked previously. The results to date have been not just yet to the point where we're going to get really excited, enthusiastic as to the prospects so we're guardedly optimistic. One of the reasons that we're currently optimistic is because the valuations of healthcare companies in Florida market in particular and if I were to tell you some of the valuations, I would almost take a look at Florida Vacation today which went through the roof. And some of these health care companies are particular for what the valuation or IPO got priced at. We're looking at quite an interesting potential upside. You're not going to get ahead of ourselves just yet. We have one quarter results and we're guardedly optimistic at this point as to whether cogeneration plant with that this investment for a little while, you've got to know the principles of this company quite well. Our real estate. lenders have two transactions with this company. They're involved in multi residential developments in South Florida and also in Stockholm, Sweden. Quite a while back private equity fund behind that company with a cannabis company that has it's also required a little bit closer management from time to time this year. We've got to take a look at taking different components, different structuring and the market long and short of it is from the beginning of the year to this point in time company has tripled revenue. And that's been a good really good development. They have one of the best performing facilities in the country. And Ontario is now increasing stores and trying to get to the point of wherever that is in terms of retail development. So we're encouraged with how we were able to stay close to this company. The taken appropriate components of the pricing structure and royalties and warrants that justify our putting a little bit of extra time and energy. And then we have our last two files on the portfolio or vet clinic rolled up our global manufacturing company, Chris, maybe I'll let you talk about them briefly. And we'll say though, that on an overall basis, or current yield for coupon is 12.11%. For the portfolio, Chris, just a quick word or two on the clinical up and we're looking at our time 39 minutes.

Sure, I'll be I'll be very quick. Yeah, I'll just give you folks a snapshot of these two other investments in portfolio which I think in our minds really kind of embody what CFIT is all about. So the vet clinic roll up that you're all have alluded to, is a well-established property development and management firm in Canada, Toronto, and they're pursuing an opportunity in the US to buy up that clinic real estate, in partnership with a large, very well financed and capitalized company, that by the time we got involved, they had already bought about 30 to 40 of these successful recession resilient that practices as we've seen. And in addition, so this deal required a fair element of creativity because they in the company had gone to market looking for traditional real estate financing. And then they'd also gone to market looking

for more conventional commercial lending financing and it didn't really perfectly fit either bucket. But when we looked at it, this is the one I was alluding to earlier, where it's really a prime plus one prime plus two risk profile. But because we were able to put forward the solution that really took into account the specifics of the company's risk parameters, we were able to charge just shy of 11% on this company. So when we kind of peel back the layers of the onion and looked at it, we viewed that there was really not just one there really three lines of defense on this company. One was we put together a $7 million US drawdown facility for them to complete acquisitions. That was predetermined based on specific criteria for the financing. So we were lending against appraised values, updated appraisals, you know, the cash flow that that individual that clinic through had to be more than enough to service the incremental interest from the loan. So on a standalone basis, the financing worked on its own. But in addition to that, we also had security over their Canadian portfolio, which added about 30 to $35 million of equity as a secondary line of defense. And then the third line of defense was, for each one of these portfolio acquisitions they were taking on. They were entering into a new 15 year lease with this private equity backed consolidator that had substantial value and then deep pocketed investors behind it. So we were very comfortable with that. Companies performed very well and they've thrived. The other one I'll quickly speak to as a I would describe them as a advanced manufacturer of primarily a technology type of application in the global defense industry. And this company started about five years ago. They sell to a lot of really high end government agencies in the US and Canada. And by virtue of that they had to jump through a lot of hoops to get accredited and get on their platform to be able to even sell to these companies. And this company, principal was looking to buy a partner. They were in rapid growth mode. They had a substantial backlog and pipeline of work that we were able to validate and speaking to the companies and prove out the purchase orders. But the challenge that they had was because they were in such an accelerated growth mode. You really had to dig deeper on the financial due diligence and prove out not just that the run rate EBIT da was cashflow was valid, but also that they would be able to have the financing in place for their program and fulfill the backlog of work that they needed to deliver on. So this is a case where we brought in the offer mentioned tied to deloitte ca who basically did a full audit for us on the company, and then also built a financial model and proved that the financing was going to meet the needs of the business. So, you know, rolled up our sleeves and a real deep dive right in external resources as needed and completed their, you know, pretty creative transaction. And you know, some of our peers in the industry that actually looked at the deal were looked at as case flow and they would have loved to do transaction, but they couldn't break might bring those resources to bear to be able to get it done. So another good opportunity that is performed well for COVID as well.

Q. That that is a really good overview of your loan book. Thank you so much, given in the interest of time on let me just pass on to our last question. It's a bit of a broader question, but look forward to your answers. So, you know, what is your outlook for the North American economy and the private debt market for the next few years? How enthusiastic are you with respect to private debt?

A. Right, well, I'll come back a little bit to Chris's comment, and certainly, we have some statistics that how much the commercial banks post 2008 hold back from the market. If they continue to obviously pull back in terms of COVID market that we're currently in, how quickly did they respond in 2021 thinks it'll be interesting. We think it will again, take a little bit of time for those big machines to move and we think there's again going to be just another reinforcing of the market for private debt. The other thing to note is since 2008 This is very important. Corporate Finance advisors clearly know the importance and

the President's private debt funds. And they we know all of the corporate finance advisors, they come to us regularly. They often come to us before they go to the commercial banks, quite frankly. Which actually has us noodling. And considering do we do we temper a little bit of some of our coupon ads because some of the opportunities are coming to us are so very attractive. So we think the opportunity is going to be there we always think the opportunities are going to be good for us in particular, because we know that private debt. We exist because of situations that are complex or challenging. And we think we have a seasoned team that can meet those complex opportunities or challenging opportunities.

Chris, we're really tight on time.

Yeah, just one minute, I'd say. I think fundamentally, you know, through COVID, we've all had learnings from it. We've all seen a different companies in different sectors have been impacted, but fundamentally at the end of the day, the secret sauce to what we do day in and day out really hasn't changed. You know, we'll continue to look at 125 companies a year and probably do four to five deals in 2021. So that narrowness focus precise. Valuation of risk is core to our DNA and that's not going to change. And the last point I would make is, there's a group that we follow quite closely that tracks what's going on in the banking sector, in finance in general. And by their estimates, they said there's about 1.2 million small and medium sized businesses in Canada, and roughly about a third of them will be looking for financing in any given year. So we're very well tapped into the deal flow activity in Ontario and a lot of country. So we will continue to see more than our fair share of opportunities. You know, deal flow won't be the issue at all. You know, maintaining our focus on what we've been doing and what's made us successful to date isn't changing. So it's for us it's just largely business as usual, probably with a greater inflow of good quality opportunities. Given what Daryl was saying. Closing thoughts.

Okay, thank everyone for participating today. Paul, thank you and your team for arranging the all the people that tuned in to this webinar and we look forward as everyone does to vaccinated world in 2021. As Paul, you know, I much prefer the roadshows, but we do have dinner presentation, and I can tell a few stories and get some better examples of, of how we spend the cat on finances.

You know, we look forward to resurrecting that in 2021. And gentlemen, let me actually just also thank you for all of your insights. You very much conveyed how CFIT is really well positioned to take advantage of the opportunities in the private sector. And also again, I'd like to echo what Daryl said thank you to all of you who took the time to be on this call. We really appreciate your time, your interest and your support this past year. Just in closing, if I may just emphasize one point please don't forget that CFIT has gained a yield a distribution of over 6%, almost 7% and that is again, underpinned and funded by a great many solid loans in the portfolio, either mortgages, or as you heard here today, corporate debt investments. So with that, I would ask you to please consider submit as part of your client’s portfolio. And should you wish more information please do not at all never hesitate to reach out either to myself your wholesaling team, or to Daryl and Chris.

Anyways, on behalf of Daryl, Chris, your wholesaling teams and the entire staff at Centurion may you have a safe and happy holidays, and a prosperous new year.

Thank you so much again, and have a great day.