



An Update of Centurion Financial Trust
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Centurion Financial Trust ("CFIT") opened for business in January 2017. It is the third mutual fund trust in the Centurion family. The investment objectives of CFIT are to provide investors with income and capital growth from a diversified portfolio of a mix of investments, made to companies and individuals, based primarily in Canada and the United States, that need flexible financing solutions and are underserved by traditional financial institutions. The investment guidelines include private debt investments including but not limited to mortgages, opportunistic real estate developments and corporate debt.

The first 18 months of operations has been very successful. CFIT targeted a 9-12% annual return and achieved a return of 10.91% on Class A units. In March, a Bonus Distribution of \$0.1085 was paid to all unitholders of record as at December 31, 2017.

In the real estate lending business of Centurion Real Estate Opportunities Trust ("REOT"), we provide financing solutions to clients that are slightly outside the box of traditional bank lenders. The Corporate Finance team of CFIT similarly seeks to provide financing solutions to small and mid-size enterprises. When I look at the landscape of financing providers, the vast majority of them fall on either one side or the other, like mortgage investment corporations (real estate lending) or private debt/equity (corporate lending) funds. When you think of it though, these solution providers exist because there is often a need for a financing solution that can fully address the capital requirements of good companies than what traditional banks may be able to provide due to the banks' constrictive boxes. So in my mind, the opportunity is to be an "alternative" bank, focusing on opportunities the banks cannot or will not capitalize on.

We continue to see significant opportunities in the market, whereby companies need alternative financing solutions. The typical profile includes established businesses with strong management teams, stable or growing markets/industries, demonstrate good profitability/cash flows, and/or exhibit visible near-term catalysts for good profitability and cash flow.

As at June 30, 2018, CFIT's assets have reached \$44.9 million, which generated \$3.1 million of investment income year-to-date. Leveraging off our existing network, we raised \$12.4 million year-to-date and are approved on over 21 platforms. There is significant interest in CFIT from investors and advisors, which we consider to be very positive and will enable CFIT to grow over the next few years.

To date, Daryl Boyce, Head of Corporate Finance, and his team of underwriters and analysts looked at over 107 potential financing opportunities, proving that there is a large underserved market. From a portfolio perspective, CFIT has provided financing in sectors such as healthcare, consumer receivables, alternative energy, and power generation. We were successful in syndicating a portion of each of these investments. CFIT balanced its portfolio between real estate investments at 54% and corporate investments at 46%.

Although CFIT is the newest addition to Centurion's family of investment offerings it is proven to be a complement to our existing offerings as we continue to grow our team and market reach.