

# MARSHALLZEHR FIRST MORTGAGE FUND LP

Q3 Commentary

CAPSTONE  
ASSET MANAGEMENT™

SEPTEMBER 30, 2019

## AT A GLANCE

- Construction and development mortgages in Canada
- Investing in the most secure portion of the debt stack, considered bank grade and traditionally provided by lending agencies such as Canadian banks, Trust companies and Credit Unions
- Terms are 3-36 months
- Low to no correlation to bond and equity markets
- Liquidity is accommodated twice per year (January and July) with 90 days' notice
- \$14MM AUM
- Current price: \$101.7083 (Class F)

## MARKET & FUND UPDATE

Throughout this past quarter, the Canadian housing market has seen a stabilization in value and sales, most notably in some of the larger regions such as Vancouver and Toronto. However, the numbers are still not where they were at the peak of 2017 prior to the Stress Test and other government policies implemented to cool an overheated housing market. While these policy measures have been mostly successful in dampening demand and moderating household debt levels, many believe there is still work to be done to address the strain on the supply side, as well as to assist those who are not yet in the market.

With the housing market as a leading indicator of overall Canadian economic health, it is reassuring to investors in general to see stability in this sector. This also means that the MarshallZehr First Mortgage Fund continues to have a healthy outlook. Capstone continues to see quality investment opportunities on the development front, allowing us to be selective when choosing new projects.

Overall, this mortgage portfolio is performing above the Fund's long-term projected return of 5%, and the Capstone team is able to quickly deploy maturing funds into new quality investment opportunities. Over this past quarter there have been several project maturities and we expect more over the next few months. The returns for this investment over this past quarter have been typical in nature and the year-to-date return is following this Fund's long-term historical trend of over 5%.

This is not an offer to sell securities. The Subscription Documents and Information Memorandum should be read carefully as they contain important facts about risks, liquidity, fees and expenses. Past performance may not be repeated.

## PERFORMANCE (Net of Fees)

Performance figures are those of Class F units as of September 30, 2019. Performance is annualized for periods longer than one year.



1 MO.	3 MO.	6 MO.	1 YR.	2 YR.	3 YR.	INCEPTION*
0.40%	1.48%	3.00%	5.90%	5.83%	5.62%	5.51%

\*Launched July 31, 2016