



ALL ISLAND EQUITY MIC

Q3 2021/22 (Jan, Feb, Mar) Investor Newsletter

Historical Returns

Q3 Annualized Return	6.96%
1 year	7.04%
3 year	6.52%
5 year	6.24%
10 year	4.68%
Portfolio Weighted Avg. Loan-to-Value	53.12%

Management Contact

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Fund information

Total Assets	\$46.7M
Min. Investment	\$25,000
Distributions	Quarterly
Price per share	\$10
Div. Reinvestment	YES
RRSP, TFSA, RRIF Eligible	

Selling Agent

Integral Wealth Securities Ltd.
450A Wentworth Street
Nanaimo BC

Auditor

MNP LLP
345 Wallace St #400
Nanaimo BC

Historical returns above based on compounding reinvested dividends. These materials are not to be distributed, reproduced, or communicated to a third party without the express written consent of All Island Equity MIC. These materials should be read in conjunction with the AIE MIC Offering Memorandum dated August 10, 2021 including the risk factors identified therein. This report has been provided for general information purposes only and is not intended to be a solicitation to purchase shares in AIE MIC or advice regarding the suitability of the investment for specific investors. Past results are not indicative of future performance.

Management is pleased to announce an annualized quarterly return of 6.96% for Q3 2021/22. During the quarter, the mortgage portfolio increased to \$43.1M, with overall loan-to-value sitting at 53.12%. New mortgage fundings totaled \$7.95M and management reports \$3.35M in commitments issued for Q4.

Institutional fixed mortgage rates rose sharply over a very short timeframe, now sitting at the highest point in over a decade. It is expected that the prime lending rate will follow suit as the Bank of Canada becomes reactive to higher than anticipated inflation. The result of this is difficult to determine on a localized level.

Historically low housing inventory persists, and pent-up demand is amplified by continued population growth. It will undoubtedly become more difficult to qualify for a bank mortgage, but the extent of a potential market slowdown will depend largely on housing supply. Management is cognizant of these changing market conditions. In addition to requiring quality collateral, management is underwriting with an emphasis on the borrower's financial capability. It is important that a borrower can demonstrate a reasonable income and a balance sheet suitable for the debt being incurred. Management will continue to monitor and adjust lending policies over the coming months.

MICs in general are beginning to feel the trickle down of higher mortgage rates to the private lender level. Although the upward pressure on pricing presents an opportunity, this may eventually be offset by a decrease in private lending demand due to less available transactions in the market.

During the quarter the MIC exited from the one non-performing loan on the books. The fund currently has \$360,000 set aside for future allowance for bad debts. Management views this as a prudent strategy and if these funds are not deemed necessary they may be paid out in future dividend payments.

As always, management thanks you for your continued business and trust. If you have any questions related to our operations please feel free to reach out to brad@allislandequitymic.com.