Dear Fellow Investor,

Please find below the Q2 2024 commentary from Sterling Global Financial’s Investment Management Committee for Sterling Mortgage Income Fund, with summary of performance.

<table>
<thead>
<tr>
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<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sterling Mortgage Income Fund*</td>
<td>+5.15%</td>
<td>+12.34%</td>
<td>+12.02%</td>
<td>+11.52%</td>
<td>+11.89%</td>
<td>+12.71%</td>
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*estimate, as the return for June is not yet final

Performance

The Fund’s track record of providing stable and positive returns remains steadfast. Q2/24 saw SMIF continue its steady performance of positive returns since the Fund’s inception in June 2016. YTD SMIF is up 5.15%. Management’s dedication to disciplined underwriting and rigorous risk management continue to provide capital preservation and premium risk-adjusted returns. As a reminder, all ancillary fees such as origination, extension, and early redemption always go directly into the Fund for the benefit of our investors, as do all profit participation and equity positions earned through the Fund.

Distributions to investors

The Fund paid out its quarterly distribution at the preferred annual distribution rate of +7% in late July.

Sector selection

SMIF continues to be concentrated in residential and mixed-used properties. These sectors provide for the best downside protection given the diversified nature of the income streams. The combination of infrastructure (marinas), essential service retail and residential mitigates downside valuation risk. The Fund currently does not have any exposure to the traditional office sector.

Portfolio update

During the second quarter, SMIF allocated approximately $9.57 million of capital as advances on existing loans.
SMIF's portfolio of loans are carefully underwritten and regularly monitored to ensure strong risk management practices. Some highlights of the portfolio:

- As we start Q3, the portfolio consists of loans that are primarily backed by residential and mixed-use properties, with 58% of loans having personal guarantees.
- To mitigate interest rate risk, 93% of our loans are structured with a floating rate with a floor, with the remaining loans at sufficiently elevated fixed rates.
- The average loan-to-value (LTV) ratio for our portfolio is 40%, which provides a large cushion of equity against market volatility and helps to mitigate credit risk.
- Additionally, the weighted average term of our loans is 15 months, which allows us to regularly re-evaluate our portfolio and adjust our strategy accordingly.

**Update on Loans in Special Servicing**

The Fund currently has three relationships in special servicing, and we are pleased to report these facilities continue to improve. In the Cayman Islands, two units have been sold with our loan facility reducing accordingly, and we have started marketing Phase 2, which will consist of 23 condominium units. In Boston, we have a sale underway that will fully repay this exposure. Lastly, we have the two multi-family projects in Orlando. The goal is to stabilize both properties, and then refinance with an Agency loan at a significantly lower interest rate. Both properties are benefiting from Disney’s current resurgence, which is driving increased occupancy. Please click here to view a press release on Disney’s plans to double capital expenditure over the next 10 years. Please here to read an article published by the New York Times on Disney’s estimated profits and growth. Altogether, these loans represent less than 10% of the portfolio.

**Outlook**

Real estate is not a homogenous sector and during times of economic uncertainty ensuring that the assets that secure the mortgages are in key locations/geographies and that the covenants provided by the borrower are strong are key in risk management. At Sterling we also strive to ensure that there are multiple exit strategies to ensure investor principal is always protected.

Regional banks continue to hold a greater concentration of commercial real estate debt relative to larger peers. However, they remain constrained in their ability to originate new financings. This demand/supply imbalance will yield good opportunities for those lenders who have the capability and capacity to provide financing. At Sterling Global Financial we continue to receive a large volume of proposals with requests for financing. This allows us to select only the best projects that we believe will offer our investors the most favourable risk-adjusted returns.

We remain vigilant in our lending practices and expect that 2024 will be another strong year for our investors. Capital preservation and an ability to provide an attractive and consistent yield have been what our investors have come to expect from us, and we continue to deliver.
Thank you for your ongoing trust in Sterling. We will work hard to continue earning your trust in the years ahead. If you have any questions about SMIF or Sterling Global Financial, please Investor Relations at 1-242-677-1900

Best regards,

David Kosoy, Chairman
Stephen Tiller, CEO
Ross Brennan, Managing Director