



## STERLING GLOBAL FINANCIAL

### Dear Fellow Investor,

In the fourth quarter of 2021, **Sterling Mortgage Income Fund** (“SMIF” or the “Fund”) continued its consistent and positive growth in a challenging and unprecedented year. We continue to follow our diligent approach in providing a conservative yield-oriented solution for our investors.

Following the third quarter, our loan activity for Q4 is primarily made up of extensions and advances on existing underwritten loans. We are pleased with the development of the luxury superyacht marina at Hurricane Hole; construction is nearing completion, including the Harbour Master building and installation of the floating docks.

Excitement within Sterling Commons is ramping up as tenants have begun to move in. Office and retail space is over 90% leased, and Phase 1 of the luxury residential units are sold out.

We are confident Hurricane Hole will become an integral forum and destination for its discerning owners and sun-seeking visitors — the optimal jumping-off point to explore the beautiful islands of the Bahamas. We expect completion of the marina in the first quarter of 2022. The year-end appraisal of the development has been completed and once again has resulted in a notable gain for 2021. SMIF participates in the profits of Hurricane Hole under the terms of its loan.

## Achieving Outstanding Returns

We remain confident in the residential and mixed-use sectors. Furthermore, the ratio of senior to junior loans has improved from 61% in Q3 to 62% in Q4. Quarterly dividends have been paid out as scheduled at the preferred annual distribution rate of 7%, and we will be announcing a special distribution within the coming days based on the Fund's full year return of 10.89% as outlined below.

	YTD	1 Year	3 Year	5 Year	Since Inception
Sterling Mortgage Income Fund	<b>10.89%</b>	10.89%	10.90%	10.94%	12.85%

As of Dec 31, 2021. The Rate of Return represents the overall change in the Fund's Net Asset Value. The Rate of Return above is inclusive of Distributions paid and net of all investment management fees, but not inclusive of Sales and Agency Commissions where applicable. YTD returns are compounding quarterly assuming that investors have elected reinvestment of all distributions. 2021 return results are unaudited and subject to revision.

## Quality Over Quantity

The quality of our portfolio and underlying loans is critical to the Fund's overall performance. A challenging year has not altered our thorough and hands-on approach. We pride ourselves on the ability to move quickly on opportunities while at the same time forgo the loans which do not meet our criteria.

Sterling weighs character heavily in deciding who to do business with. Further, we are not interested in funding new loans on properties which we are not prepared to own. This is one of our risk management principles that has served our investors well. The Fund's portfolio remains robust and we are projecting a stable 2022, with capital continuing to move into quality projects.

SMIF loans in the Canadian and UK markets are unchanged. While we are excited about our growth in the Bahamas and Cayman Islands, where we have boots on the ground, we continue to seek and entertain opportunities in the US, Canadian, and UK markets.

## Outlook

The ongoing pandemic has been an unprecedented stress-test, and in a way is an act of cleansing and affirming of our principles. We have doubled-down on our values — Quality, Consistency, Diligence, Passion — and the Fund is on strong footing stepping into 2022.

We welcome your inquiries in the spirit of open and honest communication with our clients and prospective investors. Please feel free to direct any questions or comments about your investments, SMIF, or Sterling Global Financial to our Investor Relations centre at: **242.677.1900** or **info@sterlinggloballtd.com**.

Best Wishes,  
**Sterling Global Financial Ltd.**

### **Notes about the Letter to Investors**

This manager commentary is for information purposes only. Only the Offering Memorandum, of which the present document is not a part, should be relied upon for the purpose of considering an investment in the Fund. U.S. persons are not eligible for investment in this Fund. The information provided herein contains forward-looking statements and are provided to you by the Fund Manager. The information provided herein is not intended to be a complete summary of all available data and includes assumptions and opinions of the Manager, which are subject to change without notice.