



Dear Fellow Investor,

	YTD	1 Year	3 Year	5 Year	Since Inception
Sterling Mortgage Income Fund	2.54%	10.99%	10.87%	10.91%	12.80%

As of March 31, 2022. 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. 2022 return results are unaudited and subject to revision.

Portfolio update

Sterling Mortgage Income Fund ("SMIF" or the "Fund") has had an active first quarter of 2022. \$12.5m (7% of the portfolio) was successfully paid off on terms consistent with contracts.

Also, during the quarter, \$16.3m (9% of the portfolio) was advanced to borrowers, with approximately half of this going to advances on existing underwritten loans, and the remaining to fund an equity investment in a company that owns, develops and operates a resort in the Turks and Caicos Islands. The current owner has a strong track record with Sterling, affirming our strategy of a focus on strong partners and borrowers. The transaction includes a guaranteed return to the Fund, in the mid-teens, payable monthly, and an equity option as well. More details of the transaction can be found [here](#)

The weighted portfolio LTV% improved from 51% to 49% during the quarter. Weighted average time to maturity has remained constant at approximately 1.1 years during the quarter.

Our loans are priced such that the Fund benefits from US prime rate rises, as was evidenced when the US prime rate rose by 0.25% in March 2022. Conversely, when interest rates fall, the floor mechanism kicks in, so the Fund's return is not negatively affected.

Distributions to investors

At the end of March, the Fund's quarterly distribution was paid out at the preferred annual distribution rate of 7%.

Board of Director update

During the quarter, Albert Rex retired as director of the Fund and Peter Sheptak joined as advisor to the Fund. We wish Al all the best in his retirement and thank him for his contributions. Peter is a shareholder in the West Palm Beach, Florida office of Gunster, Yoakley & Stewart, P.A. (which has a significant Real Estate practice in Florida), and is the head of Gunster's Family Office Practice Group. Peter's practice focuses on serving as advisor to and counsel for family offices and family-owned and closely-held businesses. He offers more than three decades of experience working with and advising such clients on mergers and acquisitions, private equity and hedge fund investing, direct investing and coinvestments, complex investment and business structures, corporate finance, and myriad other related family office matters. Peter adds significant knowledge to our growing USA footprint.



Outlook

Our pipeline remains active, with due diligence currently being undertaken on a potential deal in the south-eastern USA. Deals are flowing to us through our extensive personal network and 50+ years of experience. In addition, we are looking actively for opportunities in the UK, following a recent due diligence trip to the region, and we have recently hired a full-time business development executive who is based in Europe. Our approach continues to be highly selective with our only goal being to provide investor value. We remain optimistic that the Fund can continue to produce excellent risk/reward returns.

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@sterlingglobaltd.com**.

Best wishes,
Sterling Global Financial Ltd.

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.