



Dear Fellow Investor,

	YTD	1 Year	3 Year	5 Year	Since Inception
Sterling Mortgage Income Fund	7.80%	10.47%	10.87%	10.98%	12.88%

As of Sep 30, 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.

Portfolio update

Sterling Mortgage Income Fund ("SMIF" or the "Fund") had a busy third quarter of 2021. 6 out of 34 loans representing \$14.6m of the portfolio paid off in accordance with the terms of their underlying agreements. Drawdowns on existing loans resulted in no material change to the total amount of loans advanced at quarter end. Draws are subject to a full analysis by Sterling against the underlying legal and financial covenants. External quantity surveyors also conduct site visits and perform budget versus actual analysis before drawdowns are approved.

The portfolio maintained its mix of exposure to different asset classes at approximately 55% mixed-use, 43% residential and 2% commercial. The mixed-use asset class comprises loans to projects containing a mix of hotel, marina, condo, retail and office space.

The majority of the draws in the 3rd quarter were for a high-end luxury residence and marina development. Works include new docks, pier extensions, a yacht club, residential villas and infrastructure and utilities to support the development. Construction progress is on schedule. The Fund is in a senior position and the LTV% is 24%.

No loans defaulted during the quarter. As reported in the Q2 investor letter, Sterling has taken over the development of a loan that was in special servicing. Sterling believes that the value of the underlying collateral will be sufficient to repay all principal, interest and costs and add to earnings on completion.

Investment restrictions

The Fund is in full compliance with the investment restrictions set out by its offering memorandum.

Distributions to investors

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

Outlook

We continue to focus on mortgages for multi-family and marina developments, and the outlook remains positive with our pipeline robust. Following our recent due diligence trip to the UK, conditions remain favourable for increased activity in this market. Multi-family is particularly attractive for us as we have significant experience investing in this type of property and liquidity continues to be very strong. Overall, we remain very optimistic that the Fund can continue to produce excellent risk/reward returns.

We welcome your inquiries. 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**.



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Q3

2021
INVESTOR LETTER

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.