



Dear Fellow Investor,

In the second quarter of 2020, investors experienced an encouraging reversal in many critical world markets, with gains in stocks, corporate bonds, and other investments following precipitous declines earlier in the year. Overall global sentiment seemed to improve albeit briefly, with signs of major economies reopening and central banks and governments committed to providing economic stimuli and policy support. Still, we believe we are only in the early innings of this event and must remain vigilant as risk factors remain, especially of a possible second wave of COVID-19 infections and of the ongoing economic effects of the pandemic impacting all asset classes.

Sterling Mortgage Income Fund (“SMIF” or the “Fund”) continued to advance in the second quarter, building upon the already strong returns from the previous quarter. As you may recall, we were able to report gains in the Fund for the first three months of 2020, when markets were down virtually across the board. The positioning that enabled us to gain ground when other investment funds were retreating led to a continuation of strong returns during the market’s rebound. Due to the Fund’s prudent positioning, we have not been forced to alter our strategy during the recent market volatility. In fact, this period provided validation of our approach. This includes our comprehensive business continuity plan, strong underwriting discipline and the strength of the personal guarantees we secure. We are heartened that our strategy served our investors and protected their assets during this period. Just as importantly, we believe this same strategy will position our investors favourably for the times ahead – an environment in which capital will be scarce, equity markets volatile and global yields at historic lows.

	YTD	1 Year	3 Year	5 Year	Since Inception
Sterling Mortgage Income Fund	5.57%	11.06%	10.99%	11.53%	13.22%

As of June 30, 2020. Returns are net of all fees, annualized and assumes reinvestments of all distributions.

A defence-first investment strategy

Providing investors with consistent and resilient returns has been the Fund’s hallmark since its inception. Our commitment to maintaining a portfolio of mortgage investments with a lower overall risk level than the broad market is what has allowed us to deliver positive returns to our investors throughout 2020. And it’s how we plan to continue managing your investments in the months and years ahead. We’re real estate investors, and a fully integrated operating company as well. The Fund’s non-public nature enhances our ability to reduce overall portfolio volatility and enhance returns for investors, and Sterling’s principals and senior managers are significant investors in the Fund, ensuring our interests are always aligned with yours.

As we head into the rest of 2020, our investment focus remains the same: a focus on generating steady, high-quality income with a selective approach to mortgage lending. The economic conditions of 2020 have created tremendous opportunities for us as a lender to capitalize on a growing need for capital, as traditional sources of financing in the real estate market have decreased. We are seeing many promising opportunities emerge, particularly in the U.S. market, that fit with our diligent investment process. Our goal is to ensure our investors are exposed to only the most fundamentally sound property investments, particularly properties that will be resilient to any future twists and turns in the global economy. As with the last quarter, our quarterly distribution is being paid out as scheduled, at the preferred annual distribution rate of 7%.

We realize that 2020 has been a difficult year for everyone, and we appreciate you continuing to invest with Sterling. It has been a privilege for us to be stewards of your investments during some of the most trying times in recent memory, and we look forward to continuing to do so in the year ahead. If you have any questions about SMIF or Sterling Global Financial, please contact our Investor Relations centre at **242.677.1900** or **info@sterlingglobalftd.com**.



STERLING
GLOBAL FINANCIAL

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2020
INVESTOR LETTER

Best wishes,
Sterling Global Financial Ltd.

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