



Dear Fellow Investor,

The third quarter of 2020 saw a continuation of the encouraging market rebound of the preceding quarter. As several key economies around the world continued to reopen from their pandemic-induced lockdowns, securities with higher risk-return profiles (such as stocks and corporate bonds) benefitted from the improved global sentiment and signs of renewed growth. However, many risk factors remain, including the possibility that another wave of COVID-19 infections could result in economies revisiting lockdowns and more restrictive social distancing measures.

Sterling Mortgage Income Fund (“SMIF” or the “Fund”) continued to generate strong, stable returns both for the quarter and the year-to-date period. Our disciplined, proven investment strategy delivered gains during the difficult initial stages of the pandemic and continues to perform well into the subsequent recovery. We maintained the Fund’s prudent positioning in mortgage lending, with a sole focus on fundamentally sound properties backed by sponsors with strong track records and an equity stake in the securing asset. The Fund remains a strong and stable diversifier that can help shield investors from the possible downsides of these public markets. The Fund’s quarterly distribution is being paid out as scheduled, at the preferred annual distribution rate of 7%.

	YTD	1 Year	3 Year	Since Inception
Sterling Mortgage Income Fund	8.16%	10.85%	10.68%	10.46%

As of September 30, 2020. Performance information is for Class UF Series 1, assumes distributions are re-invested, and since inception in 2016. 2020 returns are unaudited. Past performance is not indicative of its future performance

Generating investor value in all economic conditions

The realities facing real estate sponsors seeking financing in the COVID-19 era have provided fertile ground for Sterling as we continue to see more lending opportunities that meet our investment criteria. Our diligent and highly selective investment strategy continues to reward our investors with a steady yield and asset-level diversification, with a lending history that has never experienced a loss of principal from any investment for over 14 years. We have maintained that record despite dealing with the same challenges experienced by other debt-based funds, which have all experienced principal losses in their portfolios in times of stress. Our success is based on our deep experience in real estate and ability to take over any property we lend on, if necessary. For example, last quarter we had a single default on a loan in the Turks and Caicos Islands. This well-collateralized project experienced a delay in its ability to refinance when the loan matured. We were very comfortable in taking the property back, so we were aggressive in demanding a 2% forbearance fee and charging a 24% interest rate until the refinancing took place, which happened after two months. SMIF’s investors benefitted from this extra interest and forbearance fee.

The Fund’s ability to generate positive risk-adjusted returns amid all market conditions has created additional demand for the strategy among current and prospective investors. As part of Sterling Global Financial’s commitment to responding to investor needs, there may be the ability for Sterling to serve U.S. investors. Should you wish to learn more please contact Sterling directly at 242-677-1900 or info@sterlingglobaltd.com. The demand for the Fund’s proprietary investment strategy underscores the importance of us adhering to our time-tested values and investment processes, especially as we all head into the remainder of a challenging year.



STERLING
GLOBAL FINANCIAL

Q3

2020
INVESTOR LETTER

Thank you for your ongoing trust in Sterling and Slate. 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 contact Investor Relations at 647.325.1509 or info@sterlingglobaltd.com, or Slate Securities at 416.583.1827 or info@slatesecurities.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.