

Fund Overview

The fund objective is to generate attractive risk-adjusted returns with minimum volatility by investing primarily in Canadian leases and loans backed by secured, hard asset receivables that amortize and generate current cash flow. The fund will provide access to both leases and loans originated by Chesswood Group subsidiaries as well as third-party originators.

Fund Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	-	0.67%	0.96%	0.76%	0.66%	0.62%							3.79%

Fund Commentary

The Chesswood Canadian Asset-Backed Credit Fund returned 0.62% for May 2023 or 3.79% year-to date inclusive of distributions. We are pleased to declare a distribution of \$0.18/unit for the three months ending June 30, 2023, for a cumulative distribution of \$0.33 in the year-to-date.

The Bank of Canada continues to hold its hawkish tone with another interest rate hike in July, driving Government of Canada yields higher. While we are starting to see this impact industry pricing for prime secured loans, non-prime has seen a more meaningful response as generally the non-prime market has been growing, likely on account of affordability pressures on previously prime consumers, while funders have been reining in loan growth.

The Fund is diversified by borrower, with over 600 loan/lease contracts with an average loan size of approximately \$23,000. In addition, over 70% of the credits fall into the prime bucket, with the asset mix being: equipment leases 53%, automotive 23%, business loans 11% and cash the remainder. The fund is currently using no leverage.

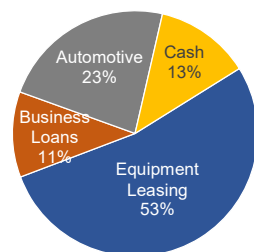
The Fund's asset mix has been affected by the quick pay down characteristic of business loans, which offer attractive yields but are also short duration, contributing to a higher level of cash drag (cycle time between payments received and ability to redeploy funds). We see continued opportunities within our automotive portfolio, due to the ability to pass through interest rate increases, with current origination yields accretive to our overall mix.

We are pleased with the year-to-date performance of the Fund and anticipate the launch of a Mutual Fund version of the Canadian Asset-Backed Credit Fund shortly, which would offer investors the ability to hold the Fund in registered accounts.

Fund Statistics

Fund AUM: **C\$14.4M**

Asset Mix



Equipment Concentration

Total Number of Contracts	610
Current Average Discounted Contract Balance	\$22,781
Average Duration (in Months)	45.5 Months
Leverage ⁽¹⁾	0.9x

Delinquency Summary (% of Contract Balance)

Current	98.63%
31 - 60 days past due	1.09%
61 - 90 days past due	0.00%
91 - 120 days past due	0.28%
120+ days past due	0.00%

(1) Credit Leverage defined as the sum of all private credit assets / AUM

Fund Information

Inception Date	January 3, 2023	Management Fee	1.50%
Structure	Limited Partnership	Liquidity	5% Quarterly Unit Repurchase Plan ⁽²⁾
Minimum Initial Investment	\$250,000	Administrator	SS&C Fund Administration Company
Minimum Subsequent Purchase	\$100,000	Auditor	KPMG LLP
Pricing Frequency	Monthly		
Distribution Frequency	Quarterly		

(2) 1-year lockup period; up to 5% of NAV

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