



A SOLID APPROACH  
TO INVESTING

## Fund Facts

**Fund Type:** Mortgage Investment Corporation  
Sold on Prospectus

**Fund Size:** \$28 Million

**Loan to Value:** 58%

**First Mortgages:** 98%

**Management Fee:** 1%

**Minimum Investment:** \$25,000

**Liquidity:** Annually, November 30th

**FundSERV Code:** WAR110/111 (F Class only)

## Performance Details

(October 2004 – December 2009)

**Duration of Mortgages:** 26 months

**Annualized Standard Deviation:** 0.68%

**Sharpe Ratio (Annual):** 4.53

**Correlation to S&P/TSX Composite:** 0.1190

**Correlation to DEX Bonds:** -0.1000

## Fund Performance

Annualized as at December 31, 2009

1 year	5.88%
3 years	6.44%
5 years	6.16%
10 years	6.46%

## Investment Objective & Strategy

**Objective:** To generate as much income as possible while preserving capital for re-investment. The Corporation funds mostly first mortgages on residential and commercial properties located in central and eastern Ontario. As a mortgage investment corporation, the Corporation expects to drive its earnings primarily from the receipt of mortgage interest payments and, to a lesser degree, from interest on cash reserves of the Corporation.

**Strategy:** The Fund's business consists in lending money, principally to individuals, for the purposes of acquiring, developing, maintaining or upgrading residential and other real property, against the security of a mortgage granted on such property. The purchase of a single security (common shares) allows an investor to participate with other investors in a common fund holding a variety of mortgages.

## Manager's Comments – How we do it

FMIC has existed in one form or another for more than 25 years. Formed under section 130.1 of the Income Tax Act, today FMIC has grown to include more than \$28 million in assets while earning a 10-year annualized return of 6.46%. Our consistent returns are a result of safe and conservative lending (no leverage), steady growth, prudent underwriting practices and active management of our mortgage portfolio.

FMIC invests in mortgages that Schedule A banks do not service, such as mortgages on homes that are being constructed or renovated, mortgages for self-employed people or people with distant credit problems, second homes and rural properties with wells and septic systems. As a private mortgage lender in these niche markets, we are able to charge higher interest rates than the Schedule A banks while satisfying the "four Cs" of credit: character, credit, collateral and capital.

Investing in FMIC provides a strong foundation for RRSP or RRIF accounts as it provides steady and consistent returns. FMIC offers conservative Canadian investors reliable annual income and a diversified portfolio that is uncorrelated to public markets.

The Corporation's founder and CEO, Wayne Robinson, CFA, President of W.A. Robinson & Associates Ltd., provides investment counsel and portfolio management services to FMIC. The firm has been in the Sharbot Lake location for 27 years.

## Calendar Year Rates of Return

YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Rate of Return	11.40%	12.00%	12.66%	14.24%	12.58%	12.87%	9.12%	8.47%	7.00%	7.45%

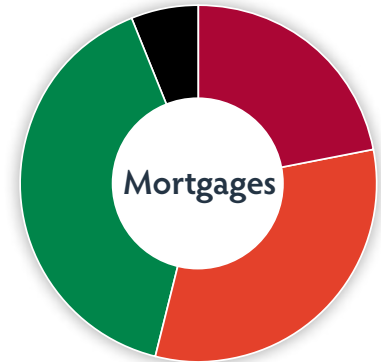
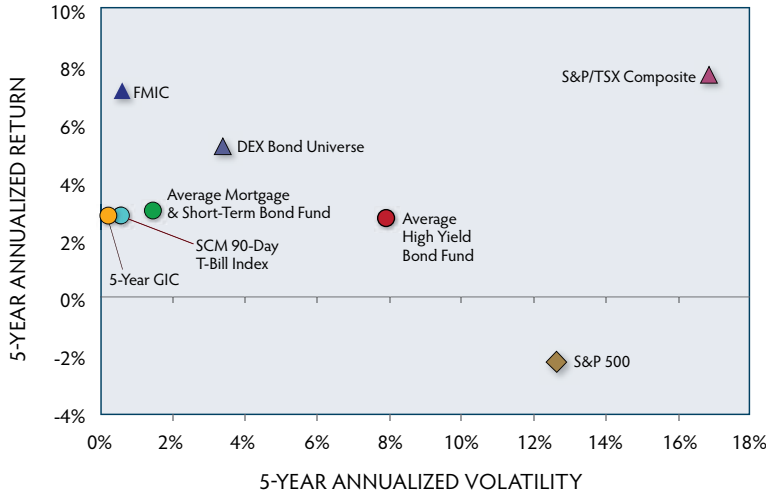
YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate of Return	7.90%	5.40%	6.50%	7.60%	6.30%	5.70%	5.80%	7.20%	6.24%	5.88%

Returns prior to 2005 are from predecessor funds.

Pillar Financial Services Inc. charges a 1% administration fee to administer the mortgages held in FMIC.

# FRONTENAC MORTGAGE INVESTMENT CORPORATION

## Risk Reward as at December 31, 2009\*

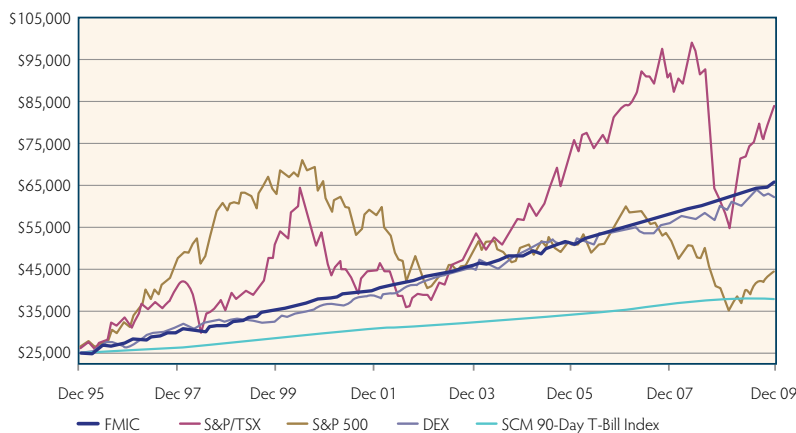


as at December 31, 2009\*

- 22% Commercial
- 40% Residential
- 32% Residential
- 6% Other Construction

## FMIC vs. S&P/TSX, S&P 500, DEX & T-Bill

as at December 31, 2009\*

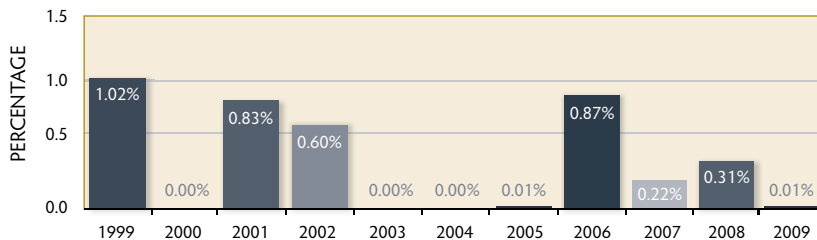


FMIC is a publicly offered corporation. Documents are available to the public at [www.sedar.com](http://www.sedar.com).

Read a Fund's prospectus before investing. Pooled funds are not guaranteed; their values change frequently and past performance may not be repeated and investors may experience a gain or loss. Indicated returns are net of management fee, which is 1.0% plus expenses, and net of mortgage administration fee of 1.0%. Investors will pay management fees and operating expenses.

## Mortgage Write Offs as a Percentage of Fund Assets

as at December 31, 2009\*



\*Unaudited

### For further information, please contact:

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