



2024

# RESCO Group of Funds

SPRING  
NEWSLETTER

All financial data herein are as of January 31, 2024 - unless otherwise noted.

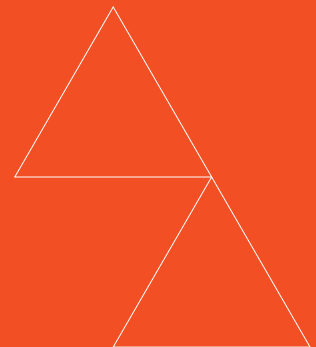
10<sup>TH</sup>  
RESCO  
GROUP OF FUNDS  
anniversary



## Table of Content

---

Celebrating a Decade of Success	<b>03</b>
Looking Beyond Credit Risk	<b>04</b>
RESCO News and Events - 2023 Q4	<b>05</b>
Business Development and Continuous Education	<b>06</b>
New Initiatives!	<b>07</b>
Announcements in 2024	<b>08</b>
The story behind the numbers	<b>10</b>
Recent Mortgage Statistics	<b>10</b>
Recent Investment Statistics	<b>11</b>
Portfolio At-a-Glance	<b>12</b>
Portfolio Performance	<b>13</b>
Mortgage Investment Corporation	<b>13</b>
First Mortgage Fund LP	<b>15</b>





**Chris Cheng**  
Chief Operating Officer

RESCO Group of Funds  
Since 2013

## Celebrating a Decade of Success

As you can imagine, marking the ten-year milestone of a business would be a proud and thrilling achievement for any entrepreneur or leader. So, as we get set to celebrate RESCO Group of Funds' 10th anniversary this year, my heart is truly full. Of the myriad of emotions I feel when reflecting over the past decade, the strongest is the profound gratitude I feel for every one of you who has played a part in our triumphs.

A decade ago, we set out on a mission with a clear vision – to pioneer alternative solutions for both investors and borrowers; to make our mark on the financial sector with something truly ground-breaking and innovative. With relentless dedication, tireless effort, and an unyielding commitment, we have turned that vision into a tangible reality.

Together, we have overcome challenges, embraced change, and achieved milestones that once seemed beyond reach. From our humble beginnings to where we stand today, we have grown stronger, more resilient, and more united as a team.

Our success is a testament to the passion, talent, and relentless pursuit of excellence that defines our company culture. The

trust and confidence that our customers, partners and stakeholders have placed in us demands nothing less.

I would also like to express my heartfelt appreciation to my team for their hard work, dedication and commitment to our shared goals. Their contributions have been instrumental in shaping our success, and I am incredibly proud to lead such an extraordinary team.

As we celebrate this milestone, let us not only look back with pride on our accomplishments but also look forward with excitement to the work that is still to be done. The next decade holds even greater promise and opportunity. With our solid foundation, strong values, and well-defined systems and processes, I am confident that we will continue to thrive and achieve new heights of success.

Let us renew our partnership based on shared goals and values. There is no challenge we cannot overcome and no goal we cannot achieve together.



**Phoebe Lam**  
Chief Risk Officer

RESCO Group of Funds  
Since 2013

## Looking Beyond Credit Risk

Regardless of the type of organization or the industry it operates in, risk management is a crucial pillar to any business. This is particularly true during market downturns.

In my capacity as Chief Risk Officer, my responsibilities extend beyond merely evaluating the credit risk of borrowers. I am entrusted with steering RESCO clear from potential hazards, ensuring smooth operations even amidst turbulent times.

One effective risk management strategy we employ is acquiring sufficient insurance coverage. This allows us to transfer our risk to insurance companies at a nominal cost, especially compared to the potential losses of uncovered risks.

**Outlined below are some of the insurance coverages we have in place to mitigate potential threats, maintain our financial stability and safeguard your investments:**

**1. Cyber Insurance:** Given the escalating volume and sophistication of cyber-attacks in today's digital landscape, cybersecurity is paramount. Cyber insurance provides coverage against cyber events, including those linked with terrorism. It encompasses network security coverage and aids in the swift remediation of cyber incidents.

**2. Key Person Insurance:** Key person insurance ensures business continuity in the event of the loss of a critical individual. The death benefit to the company covers various expenses and offsets lost income which arise.

**3. Mortgage Impairment Insurance:** This specialized property insurance for mortgage lenders protects our interest in mortgaged property in case of uninsured or underinsured damage. It typically arises when the borrower fails to maintain the required property insurance and designate the lender as the mortgagee.

**4. Title Insurance:** Title fraud, increasingly prevalent in Canada since 2022, poses a significant threat. Title insurance protects homeowners and lenders from losses incurred due to title fraud. It safeguards innocent homeowners and lenders from the financial repercussions of fraudulent property transactions.

As an investor, when evaluating the operation of various Mortgage Investment Entities, it is essential to delve beyond their surface-level credit risk management approach. At RESCO, we develop robust frameworks to anticipate hazards, navigate turbulent times, and remain steadfast toward our objectives. It is our adept navigation of these uncertainties that sets RESCO apart from our competitors.

# RESCO News and Events – 2023 Q4

In the fourth quarter of 2023, RESCO remained dedicated to its commitment to social responsibility through active participation and support for various charitable initiatives. Our belief in the power of collective contributions to create positive change aligns with our ongoing efforts to make a meaningful impact on the well-being of our community.

## Charitable Donations and Sponsorships

### September 30, 2023:

Markham, Richmond Hill & Vaughan Chinese Business Association 30th Anniversary Gala: Gold Sponsor

### October 7, 2023:

Toronto Hong Kong Lions Club 2023 Annual Gala: Program Book Advertising

### November 5, 2023:

SEAS Foundation Gala 2023: Silver Sponsor

### November 11, 2023:

Toronto Elegant Lions Club: Donation to Carefirst Seniors and Community Services Association

### November 25, 2023:

The Fortune Ball: Silver Sponsor in support of Markham Stouffville Hospital Foundation

### December 29, 2023:

Food Donations to Richmond Hill Community Food Bank

These sponsorships and contributions reflect our unwavering commitment to supporting organizations and causes that positively impact the lives of individuals and contribute to the betterment of our community.



## Business Development and Continuous Education

RESCO proudly participated in three significant conferences, each contributing to our knowledge, network, and industry expertise.

On September 14, 2023, we engaged in insightful discussions and collaborative sessions at the Canadian Professional Summit.

Later, from September 25-26, 2023, RESCO showcased its commitment to the real estate landscape at the 2023 Canada Property Show, fostering connections and exploring opportunities.

To cap off a dynamic conference season, on October 15-16, 2023, RESCO actively participated in the National Mortgage Conference, gaining valuable insights into the latest trends and innovations in the mortgage industry.

These conferences not only allowed us to stay abreast of industry developments but also reinforced our dedication to excellence and continuous learning at the forefront of the financial sector.



# New Initiatives!

## BHBTV Channel:



In August 2023, RESCO expanded our online presence by joining BHBTV Channel, an online platform exclusively featuring real estate-related content. This move opens up fresh avenues for dynamic and informative communication and engagement with a broader audience. Through BHBTV, our goal is to establish deeper connections with clients, brokers, and partners in a more thorough manner. Our content includes animations which cover topics such as RESCO's underwriting process and explaining how RESCO became a trusted mortgage lender in this industry.

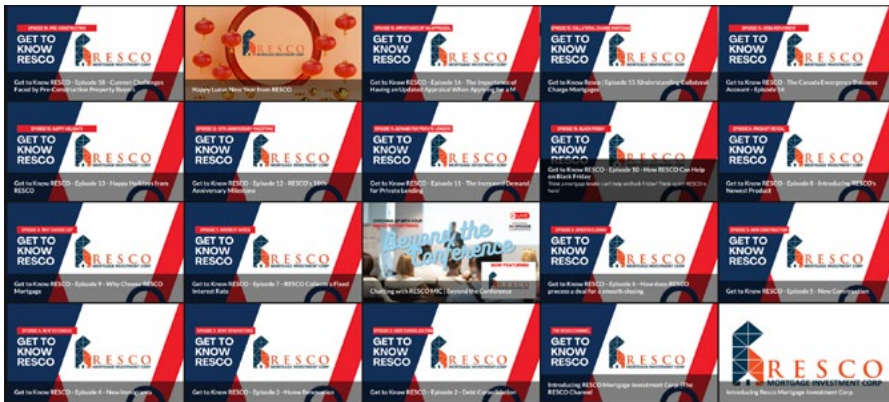
## Website

## Red Book Account : Xiaohongshu



To expand our digital footprint, RESCO has created an account on the social media platform Red Book. This platform provides a unique space to connect with a diverse audience, allowing RESCO to share valuable insights and engage with the public.

**Account Name:** RESCO Group of Funds



BHBTV Channel

Red Book Account :  
Xiaohongshu



## Announcements

2024

# 10<sup>TH</sup> ANNIVERSARY GALA CELEBRATION

RESCO is delighted to share the news of its 10th Anniversary Gala, set to take place on April 6, 2024, in Ontario, and April 24, 2024, in British Columbia. Investors have received invitations via regular mail and Evite



Join us in celebrating a decade of success and innovation at this spectacular event. The gala will showcase RESCO's journey and achievements in the financial landscape. Kindly RSVP to be part of a night to remember!





# Announcements

## 2024

### Portugal Reward & Recognition 2024:

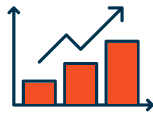
RESCO is your passport to Portugal! In acknowledgment of the dedication and hard work of our brokers and advisors, RESCO is delighted to unveil the "Passport to Portugal" Reward & Recognition Program for 2024.

RESCO is offering an exclusive reward – a trip to Portugal – to individuals who meet certain levels of investment or lending origination **from January 2, 2024 (investment side) or March 1, 2024 (lending side) to August 31, 2024**. In addition to expressing our gratitude to our valued partners for their continued commitment to excellence, such trips also foster camaraderie, networking, and professional development.



## The story behind the numbers:

### Recent Mortgage Statistics:



290,000

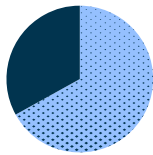
Mortgage borrowers renewed their mortgage with a chartered bank at higher interest rates in the first half of 2023.



443,511

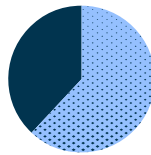
home sales transactions in Canada in 2023

### The proportion of prospective first-time homebuyers concerned about not having sufficient down payment increased to



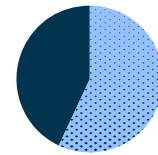
67%

in 2023



62%

in 2021



57%

in 2019

These statistics suggest a growing trend towards alternative lending, as traditional mortgage options become less favorable due to the inability to meet the "stress test" and concerns about down payments. With increasing demand for alternative financing solutions, RESCO's services are well-positioned to meet the needs of borrowers seeking more flexible and accessible lending options.

## The story behind the numbers:

### Recent Investment Statistics:



45%

Less than half of Canadians have a financial plan in place.



62%

of Canadians say they fear running out of money when they retire.



72%

of Canadians over age 35 have started saving for retirement.

These statistics highlight a significant gap in financial planning and retirement preparedness among Canadians. Investing in RESCO, which has consistently offered a compound monthly dividend of 8.3%\* since March 2014, can be a central piece of any balance investment portfolio. The consistent and predictable cash flow from RESCO investments can help cover living expenses, addressing concerns about financial security in retirement.

\* Based on Dividend Reinvestment Plan



# Portfolio At-a-Glance

as of Jan 31, 2024



769

Total number of RESCO MIC investors since inception



103 RRSP 198 TFSA

Number of investors with RESCO MIC in their RRSP & TFSA



261

Investors who have stayed with RESCO MIC for more than 5 years (invested on or before Oct 31, 2018):



\$460,634,146.35

Volume Funded by RESCO MIC Since Inception



1,672

Number of mortgages funded BY RESCO MIC since inception



\$31,286,156.33

Dividends paid to MIC Class B shareholders since inception



\$1,115,539.52

Dividends paid to RESCO First Mortgage Fund LP (Class A & B) investors since inception

# Portfolio Performance

as of Jan 31, 2024

## RESCO Mortgage Investment Corporation

8%

Annual yield

8.30%

Annual yield with DRIP

\$78,939,244.34

Mortgages under administration

222

Number of mortgages

\$355,582.18

Average Mortgage Size

66.38%

Weighted average LTV

65.66%

% of First Mortgage

688

Weighted Average Credit Score:

11.50 Months

Average Term to Maturity

100%

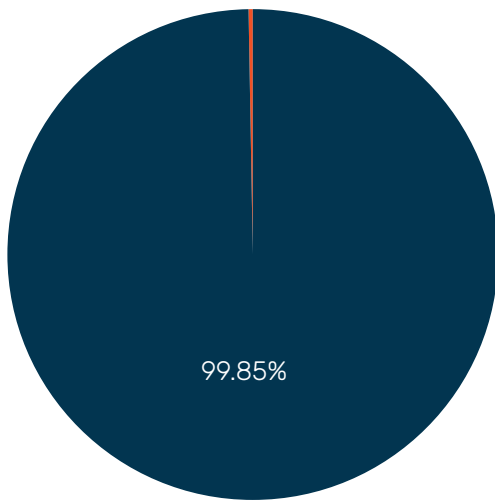
% of Residential Mortgage

# Portfolio Distribution

as of Jan 31, 2024

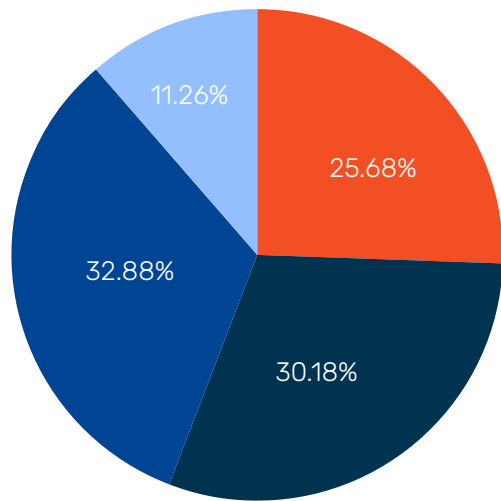
## RESCO Mortgage Investment Corporation

### Geographic Distribution



Ontario Manitoba

### Mortgage Size



≤\$100,000 \$250,001 - 750,000  
\$100,001-250,000 ≥\$750,001

### Mortgage Amount



**\$114,943.68**

Manitoba



**\$78,824,300.66**

Ontario

# Portfolio Performance

as of Jan 31, 2024

## RESCO First Mortgage Fund LP

6%

Class A Units Annual Yield

6.5%

Class B Units Annual Yield

\$43,883,810

Mortgage Advanced since Inception

\$880,000.00

Average Mortgage Size

100%

% of Residential First Mortgage

753

Average Credit Score of borrowers

57.53%

Average LTV

9.54%

Weighted Average Interest Rate

12 months

Average Term to Maturity

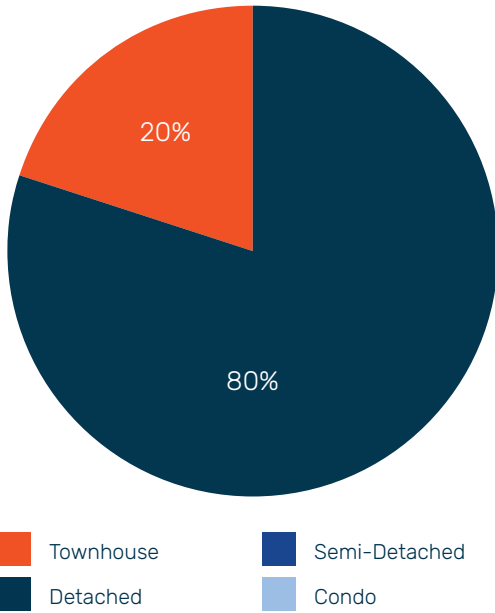
0%

% of Default since inception

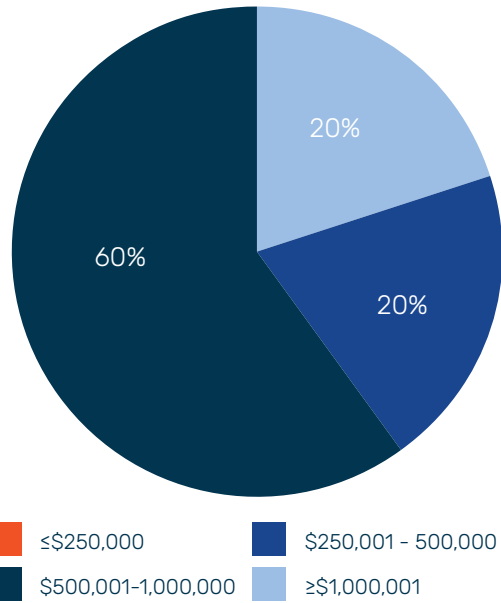
# Portfolio Distribution

## RESCO First Mortgage Fund LP

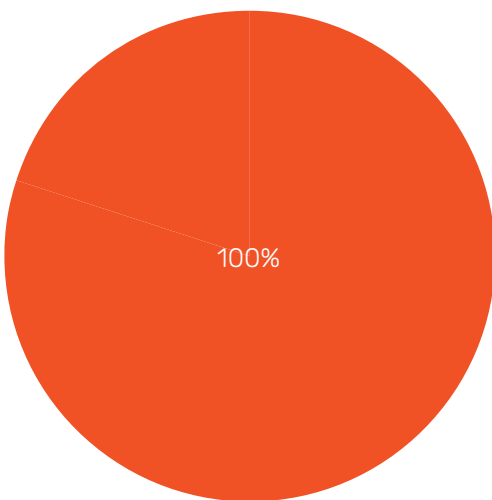
### Property Type



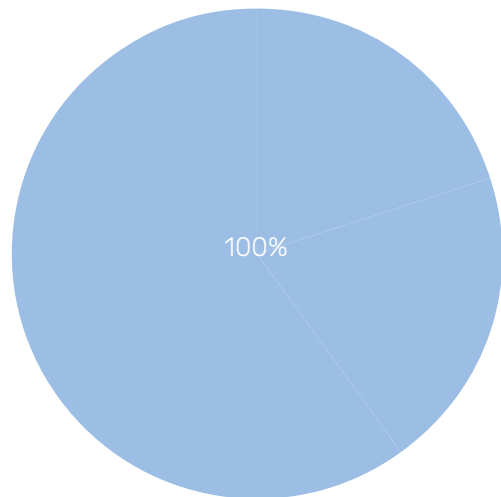
### Mortgage Size



### 1 year Mortgage Term



### First mortgage owner occupied in Ontario







## Peace of Mind Begins with RESCO

**RESCO MIC**  
has consistently  
offered annual  
returns of **8.3%\***  
since March 2014.

☎ 905-886-8786  
✉ [info@rescominc.ca](mailto:info@rescominc.ca)  
📍 28 -360 Highway 7 East,  
Richmond Hill, ON L4B 3Y7

\*Calculation based on  
reinvestment of monthly  
dividends. Investors may  
choose to reinvest dividends  
or receive dividend payments.

This information sheet is for information purposes only and is not, and under no circumstances is to be construed as, an invitation to make an investment in RESCO Mortgage Investment Corporation. Past performance is not a guarantee of future returns. The price of the security mentioned here and the income it produces may fluctuate and/or be adversely affected by market factors, and investors may realize losses on investments in such security, including the loss of investment principal. Investment in this Corporation is not CDIC insured. Prospective investors should thoroughly review the offering memorandum and are advised to consult with their own legal and tax advisors concerning this investment. The information contained herein: (1) may not be copied or distributed; and (2) is not warranted to be accurate, complete or timely. Neither RESCO MIC nor its content providers are responsible for any damages or losses arising from any use of this information.

**10<sup>TH</sup>**  
**RESCO**  
MORTGAGE INVESTMENT CORPORATION  
anniversary



## Peace of Mind Begins with RESCO

it's time to consider  
**THE ALTERNATIVES**

To learn more about adding any of the RESCO products to your portfolio to give you peace of mind in today's unsettled market, please contact us at:

☎ 905-886-8786

✉ [info@rescominc.ca](mailto:info@rescominc.ca)

📍 28 -360 Highway 7 East,  
Richmond Hill, ON L4B 3Y7

#### DISCLAIMERS

\*CALCULATION BASED ON REINVESTMENT OF MONTHLY DIVIDENDS. INVESTORS MAY CHOOSE TO REINVEST DIVIDENDS OR RECEIVE DIVIDEND PAYMENTS.

THIS INFORMATION SHEET IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN INVITATION TO MAKE AN INVESTMENT IN RESCO FIRSTMORTGAGE FUND LP OR RESCO MORTGAGE INVESTMENT CORPORATION (COLLECTIVELY "RESCO GROUP OF FUNDS"). THESE MATERIALS SHOULD BE READ IN CONJUNCTION WITH THE OFFERING MEMORANDUM DATED MARCH 28, 2023 AND FEBRUARY 22, 2023, RESPECTIVELY, INCLUDING THE RISK FACTORS IDENTIFIED THEREIN. THE RATE OF RETURNS AND OTHER INFORMATION DISCLOSED HERE HAVE NOT BEEN INDEPENDENTLY VERIFIED AND HAVE BEEN PREPARED BY MANAGEMENT. THIS COMMUNICATION CONTAINS CERTAIN STATEMENTS THAT MAY BE FORWARD-LOOKING STATEMENTS. ALTHOUGH RESCO GROUP OF FUNDS BELIEVES THE EXPECTATIONS EXPRESSED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, SUCH STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN FORWARD-LOOKING STATEMENTS INCLUDE FAILURE TO SUCCESSFULLY NEGOTIATE OR SUBSEQUENTLY CLOSE TRANSACTIONS ADVERSE RESULTS FROM MORTGAGE INVESTMENTS AND GENERAL ECONOMIC, MARKET OR BUSINESS CONDITIONS. INVESTORS ARE CAUTIONED THAT ANY SUCH STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS, ESTIMATES AND OPINIONS OF RESCO GROUP OF FUNDS' MANAGEMENT ON THE DATE THAT STATEMENTS ARE MADE. RESCO GROUP OF FUNDS UNDERTAKES NO OBLIGATION TO UPDATE THESE FORWARD-LOOKING STATEMENTS IN THE EVENT THAT MANAGEMENT'S BELIEFS, ESTIMATES OR OPINIONS, OR OTHER FACTORS, CHANGE.

INVESTING IN RESCO GROUP OF FUNDS INVOLVES SIGNIFICANT RISKS. THERE IS CURRENTLY NO SECONDARY MARKET THROUGH WHICH THE SECURITIES CAN BE SOLD AND THERE CAN BE NO ASSURANCE THAT ANY SUCH MARKET WILL DEVELOP. A RETURN ON AN INVESTMENT IN THE SECURITIES IS NOT COMPARABLE TO THE RETURN ON AN INVESTMENT IN A FIXED-INCOME SECURITY. THE RECOVERY OF AN INITIAL INVESTMENT IS AT RISK, AND THE ANTICIPATED RETURN ON SUCH AN INVESTMENT IS BASED ON MANY PERFORMANCE ASSUMPTIONS.

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RETURNS. THE PRICE OF THE SECURITY MENTIONED HERE AND THE INCOME IT PRODUCES MAY FLUCTUATE AND/OR BE ADVERSELY AFFECTED BY MARKET FACTORS, AND INVESTORS MAY REALIZE LOSSES ON INVESTMENTS IN SUCH SECURITY, INCLUDING THE LOSS OF INVESTMENT PRINCIPAL. INVESTMENT IN THIS CORPORATION IS NOT CDIC INSURED. PROSPECTIVE INVESTORS SHOULD THOROUGHLY REVIEW THE OFFERING MEMORANDUM AND ARE ADVISED TO CONSULT WITH THEIR OWN LEGAL AND TAX ADVISORS CONCERNING THIS INVESTMENT. THE INFORMATION CONTAINED HEREIN: (1) MAY NOT BE COPIED OR DISTRIBUTED; AND (2) IS NOT WARRANTED TO BE ACCURATE, COMPLETE, OR TIMELY. NEITHER RESCO GROUP OF FUNDS NOR ITS CONTENT PROVIDERS ARE RESPONSIBLE FOR ANY DAMAGES OR LOSSES ARISING FROM ANY USE OF THIS INFORMATION.