



# MERIDIAN FINANCIAL GROUP

*Unfolding a World of International Opportunity*

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## MERIDIAN MORTGAGE FUND Q2 2018 UPDATE

### FUND FACTS

**CURRENCY: US DOLLAR**

**CLASSIFICATION: MORTGAGE BACKED SECURITIES**

**FUND MANAGER: MERIDIAN MORTGAGE CORPORATION LTD.**

**REGULATOR: TCI FINANCIAL SERVICES COMMISSION**

### PORTFOLIO SUMMARY

Total Loan Portfolio	\$65,763,559
Total Cash & Certificate of Deposits	\$3,273,444
Total Fund Value	\$69,037,003
Value of Underlying Security	\$143,449,722
Loan To Value Ratio	45.84%

### SECURED PROPERTY CLASSIFICATION

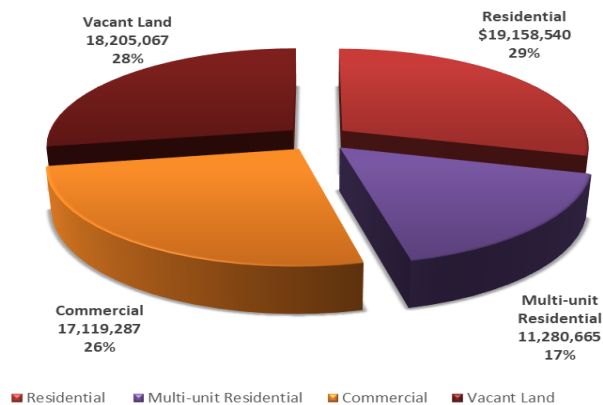
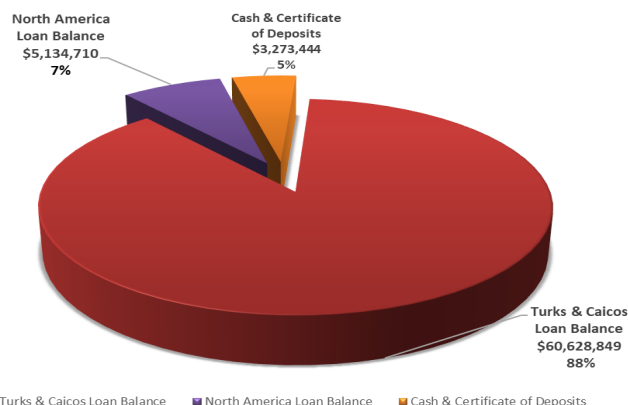
### AVERAGE ANNUALISED NET RATE OF RETURN (%)

Q2 2018	3 YRS	5 YRS	INCEPTION (1996)
6.20	6.11	6.25	8.80

### PREVIOUS QTR NET RETURNS (ANNUALISED) (%)

Q1 2018	Q4 2017	Q3 2017	Q2 2017
5.63	6.22	6.03	6.02

### PORTFOLIO ANALYSIS



### MERIDIAN MORTGAGE FUND MANDATE

The objective of the fund is to achieve the highest level of current return as is consistent with the preservation of capital. The fund intends to achieve its objective by investing primarily in first position mortgages:

- In the Turks and Caicos Islands
- With a maximum 3 year loan term
- With a maximum ratio of loan to appraised value of 50%



## MERIDIAN MORTGAGE FUND Q2 2018 UPDATE

*The Meridian Mortgage Fund earned an annualized net return of 6.20% as of June 30th, 2018.*

### **Mortgage Fund Highlights:**

- The Sale of the Royal Reef Resort and the registration of several new mortgages have produced additional income for the fund during our second quarter, pushing the return to a very competitive 6.20% per annum.
- The Loan to Value ratio is currently at 45.84%, which is below the maximum ratio of 50% and translates into reduced risk.
- Meridian holds 72% of its total loan portfolio in the form of assets (buildings/structures), with the potential to generate income; vacant land secures 28% of the loan portfolio. Meridian ensures that all habitable structures are appropriately insured.

### **News In Real Estate:**

The Turks and Caicos Islands Government (TCIG) announced that an amended Development Agreement was signed with the Vista Development Ltd. for a \$100 million dollar branded five-star resort on Grace Bay Beach. This announcement was made on Wednesday, June 20, 2018. This low density, seven-storey luxury resort will be located on the 5.5 acre former Toscana site and will feature a modern contemporary design across 59 hotel rooms and 74 residential units. Construction of the project is set to begin in late 2018 and open in 2021.

The Gansevoort has now added \$30 million to its brand on Turtle Tail, Providenciales. The villas are located 2.5 miles from the Gansevoort Hotel on Grace Bay. On Monday, June 4, 2018, a special ribbon cutting ceremony was held at the villas location in Turtle Tail to officially declare the villas open.

A \$7.22 million villa resort, including five luxury villas is also on its way to Grace Bay. The villas will be located between the Windsong and Beaches Resort on a four acre site. Construction of this project is set to begin in the near future.

### **Other News**

The Turks and Caicos Islands has met every benchmark in order to maintain a positive financial grading of a BBB+ from the Global ratings agency Standard & Poor's (S&P) for the fifth Consecutive year. A team from S&P made their annual visit to the Islands in June 2018 and met with a range of officials from various sectors within the TCI as part of the review process. This strong rating benefits investors by allowing them access to cheaper investment funding for their businesses in the TCI. The TCIG will also be able to use this attractive rating to borrow at a significantly lower cost.

Although the Turks and Caicos Islands was strongly hit by two major hurricanes, the economy remains stable and the TCI Government continues to put in place the necessary policies and procedures to ensure that the country continues to strengthen its fiscal prudence and increase economic activity in the TCI.

The continuing buoyancy in the TCI real estate market has positively contributed to the performance of the Meridian Mortgage Fund, and we remain very confident about the opportunities to come for the next half of 2018.

**Turks and Caicos Islands...Beautiful by Nature for Business or Pleasure**  
**The Meridian Mortgage Fund Team**