



NEWSLETTER

SPRING 2016 (RRSP SUPPLEMENT ISSUE)

In this RRSP supplement issue, AAMIC business update and 2016 Investment Outlook

Since our previous Q1 2016 Newsletter, AAMIC has issued commitment letters to 2 mortgages totalling \$974,000. This will increase our mortgage portfolio to \$6.67 million with 13 mortgages. AAMIC continues to be on track to meet a target return of 8%.

2016 worldwide equity market started off with a big thud amidst concerns over China growth and slump in oil and commodity prices. The Canadian

dollar also hit its lowest point for over 13 years at US\$0.6854. Geo-political events around the world can cause further short and long-term ripples to the world economy. US Federal Reserve, increased rates by ¼ percent to ½ percent for the 1st time since 2006 in mid-December last year and hinted at more to come on the back of further strengths in the US labour and other economic indicators. Enter February 2016. Bank of Japan joined the European Central Bank (ECB) into negative interest rates territory. On February 2, Reuters reported that the

US Federal Reserve is “asking banks to stress test for 2016, where rate on a 3-month US Treasury bill stays below zero for a prolonged period. Chatter about a possible global recession in 2016 started with the investment community at large.

Pessimists would say abandon ship. Indeed, there is the Royal Bank of Scotland headline grabbing research article (January 8, 2016) - Sell (Mostly) Everything. Optimists would say now is the best time to get into the market. So, should one jump off a leaky balloon or catch a falling knife?

2016 Market Concern & AAMIC Business Approach

AAMIC 2016 Q1 Newsletter talked about a holistic investment approach - diversification, corporate and product understanding for each investment, professional advice and above all, continuously recalibrate ones portfolio by understanding the “timing” of events and one’s circumstances in order to maximize return in each risk segment of one’s investment portfolio. Simplicity, understanding risks and continuous recalibration are also key to AAMIC business model.

As a retirement plan eligible Mortgage Investment Corporation (MIC) under Ontario Securities Commission (OSC) oversight, AAMIC can only lend against Canadian properties. AAMIC is an equity based lender primarily on short-term mortgages of 1 year or less terms, against low LTV properties after approval by its Credit Committee. AAMIC underwriting uses prudent parameters and concentration risks

guidelines. AAMIC also considers the potential value of properties and location during the duration of the mortgage. We also seek out the story behind and the borrowing needs of the applicants and crystal ball the financial well-being at time of mortgage maturities. Our lending objective is to provide applicants with financial betterment both immediately and also at time when their mortgages mature. AAMIC believes that this ‘organic’ approach to mortgage lending deters mortgage fraud and lowers default rate, but also minimizes administrative costs irrespective of economic or real estate market fluctuations.

AAMIC Accredited Investors should treat AAMIC investment as part of their ultra conservative investment portfolio segment and not as a temporary holding within their higher risks equity or more speculative investment strategy. AAMIC is an

alternative to their CDIC insured GIC or term deposits but with a noticeably better return within an acceptable level of (higher) risks. These investors also understand that the simple investment strategy on mortgages adopted by AAMIC and its status as a registered plan recognized investment vehicle mean that equity and commodity market fluctuations do not have the same immediate or direct effect on its mortgage investment portfolio. AAMIC also evaluates the suitability of Accredited Investors. Our objective is to attract investors who understand the service quality AAMIC provides (in investment performance and investor relationships) and that it meets their expectations. In summary, AAMIC objective is to build a brand known to operate a lean, efficient and risk adverse investment alternative to low maintenance mortgage lending and investment stakeholders alike.

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