



## GREAT PACIFIC MORTGAGE AND INVESTMENTS

## BACKGROUND 2009

Based in Victoria, Great Pacific is a full service mortgage brokerage firm, specializing in MIC fund management as well as lending funds for residential and commercial mortgages. Operating since 1982, the MIC funds managed by Great Pacific have consistently shown returns for shareholders between 8 – 14 per cent. The principles, Rory Campbell, Walt Neufeld, Jeffery Moses, have a combined 85 years of industry experience between them. Their corporate values are based on providing a stable safe investment vehicle for shareholders by accurately pricing risk, while helping people attain their goals and dreams by funding their projects. The team at Great Pacific believes in building long term relationships with their clients and demonstrates full transparency when managing their shareholder's \$90 million investment portfolios.

As an active community partner, Great Pacific supports several programs including United Way, The Goldstream CHUMS, Little League Baseball, Youth Soccer, and the Pacific Salmon Foundation.

Great Pacific's main points of difference are:

- ❖ All shareholders have voting rights.
- ❖ At the Annual General Meeting, all investors have a voice.
- ❖ Audited financial statements are undertaken for Great Pacific's funds, annually.
- ❖ Investors have the ability to review the fund's files and portfolio list, upon request.
- ❖ A significant amount of money has been set aside as provision in the case of a loss, for each fund.
- ❖ The approval process for all lending is rigorous. The Great Pacific team are experienced underwriters in the loan approval process.

Great Pacific manages three MICs:

**Accredit Mortgage Ltd.** - As a registered MIC fund, operating for over 14 years, Accredit concentrates its resources on a niche in the mortgage market that has been created by:

- The reduction of the number of "institutional" mortgage lenders.
- Standardization of institutional mortgage underwriting.
- The reduction / elimination of "local / branch" approval limits and autonomy.

Accredit focuses principally on the value and quality of the real estate available as security (the 'loan-to-value' ratio), but also takes into consideration the borrowers' credit history, net worth, income, and 'exit strategy'. Accredit's Board of Directors, collectively, have over 100 years of experience in dealing with this sector of the mortgage market. The mortgage funds available for this 'niche' share of the market generally receive a higher yield than the risk would warrant, due to low supply and high demand.

Since 1995 Accredit Mortgage Ltd. has maintained a 'yield' to shareholders, ranging from 11.38 per cent to 13.09 per cent.

**First Accredit Mortgage Corp-** First Accredit Mortgage Corp. was established in 2001 for the investor seeking a good return on a secure investment. Investing in only first

mortgages, First Accredit is an investment for the conservative client to invest in a portfolio secured by first mortgages on properties located mainly on Vancouver Island, and mainland British Columbia. These represent quality investments with conservative loan to value ratios. The target annual yield for First Accredit is from 8 per cent to 10 per cent.

The financial experience of the management team guiding First Accredit exceeds 100 years and includes the management team of Accredit Mortgage Ltd.

**GP MIC Fund Ltd.** - The GP MIC Fund was created to take advantage of those exceptional opportunities that come along but hold a potential higher risk than the investment opportunities chosen for the Accredit and First Accredit funds. With the slightly increased risk tends to come a higher return on investment, and in 2008, GP MIC Fund yielded a 13.79 per cent return to investors.

Capital preservation is the most important component when making an investment decision. Great Pacific limits loan to value to what is considered secure for the type of property and its location. In Accredit Mortgage Ltd. and First Accredit Mortgage Corp. the company will typically not exceed 75% loan to value (the loan amount as a percentage of market value). The GP MIC Fund is for exceptional circumstances depending on location, type of property, collateral security and net worth of the borrower.

### **About MICs**

**Mortgage Investment Corporation or MIC** is an investment and lending company designed specifically for mortgage lending (primarily residential mortgage lending) in [Canada](#). Owning shares in a Mortgage Investment Corporation (MIC) enables investors to invest in a diversified and secured pool of mortgages. Shares of a MIC are qualified investments under the Income Tax Act (Canada) for RRSPs, RRIFs, and the newly created Tax Free Savings Account (TFSA).

A MIC mortgage portfolio can include everything from small second mortgages on residential property to commercial and development mortgages on new projects. Every investment is typically based on a thorough investigation of the property. A typical MIC rarely exceeds 75 per cent of the current value of the property.

MIC's are organized for investing in pools of mortgages. Profits generated by MICs are distributed to its shareholders according to their proportional interest. The mortgages are secured on real property, often in conjunction with other forms of security, such as personal and corporate guarantees, general security agreements and assignments of material contracts, such as insurance policies. Mortgage documentation and registration are prepared by the funds lawyers.

### Income Tax Act, Section 130.1: Salient Rules

1. A Mortgage Investment Corporation must have at least 20 shareholders.
2. A MIC fund is generally widely held. No shareholder may hold more than 25 per cent any share class.
3. At least 50 per cent of a MIC fund's assets must be comprised of residential mortgages, and/or cash and insured deposits at Canada Deposit Insurance Corporation member financial institutions.
4. A MIC fund is a flow-through investment vehicle, and providing it distributes 100 per cent of its net income to its shareholders, does not pay corporate income tax.

5. All MIC fund investments (mortgages) must be in Canada, but a MIC may accept investment capital from outside of Canada.
6. Dividends are taxable as interest income.
7. MIC shares are qualified RRSP, RRIF, DPSP's, RESP's or TFSA investments.



## **GREAT PACIFIC MORTGAGE AND INVESTMENTS**

**Q&A 2009**

### **What is a Mortgage Investment Corporation (MIC)?**

A MIC is an investment and lending company designed specifically for mortgage lending in Canada. Owning shares in MIC enables investors to invest in a diversified and secured pool of mortgages.

### **How long has Great Pacific been in business?**

Great Pacific has been in business since 1982 and has consistently provided returns to shareholders between 8-14 per cent. Great Pacific currently manages \$90 million in shareholder investments.

### **What kind of mortgages does Great Pacific invest in?**

A MIC mortgage portfolio can include everything from small second mortgages on residential property to commercial and development mortgages on new projects. Every investment is based on a thorough investigation of the property. A typical MIC rarely exceeds 75% of the current value of the property.

### **What is the benefit of investing in MICs?**

MICs provide an opportunity to diversify your investment portfolio. It's an option that provides security and robust returns (between 8-14 per cent). MICs are secured by property and often additional security such as personal and corporate guarantees, general security agreements and assignments of material contracts, such as insurance policies. MICs are the best of security and return on investment, especially when compared to the risk of stocks and the low returns on money markets.

### **Can a MIC be used for an RRSP?**

Shares of a MIC are qualified investments under the Income Tax Act (Canada) for RRSPs, RRIFs, RESPs and the newly created Tax Free Savings Account (TFSA).

### **Who is eligible to invest in a MIC with Great Pacific?**

Anyone who is 19 or older can invest in MIC funds from Great Pacific.

### **Is there a minimum investment?**

\$5,000 is the minimum investment

### **How much will an investment earn at Great Pacific?**

Great Pacific manages three MICs (Accredit, First Accredit and the GP MIC fund) which have consistently been producing returns of 8 -14 per cent since their inception. Dividends are paid to shareholders as income or can be reinvested in the funds for growth.

### **Who manages my investment?**

Shareholders of Great Pacific MICs have the benefit of a team approach at Great Pacific. The board of directors for each MIC fund review investments as a team to find the best opportunities create the greatest returns possible for shareholders.

### **How is Great Pacific different from other MICs?**

Great Pacific's main points of difference are:

- All shareholders have voting rights.
- At the Annual General Meeting, all investors have a voice.
- Audited financial statements are undertaken for Great Pacific's funds, annually.
- Investors have the ability to review the fund's files and portfolio list, upon request.
- A significant amount of money has been set aside as provision in the case of a loss, for each fund.
- The approval process for all lending is rigorous. The Great Pacific team are experienced underwriters in the loan approval process.

### **What should someone ask before investing money in a MIC?**

- Are you speaking to the person who will be making the investment or a salesperson?
- Can you call up any time to ask about decisions that have been made?
- What is the history of performance on this MIC?
- Does the MIC offer complete disclosure of its mortgage investment details?
- How does the MIC diversify its mortgage investments to protect investors?
- Is there a provision for losses and liquidity?

### **Has the recession affected Great Pacific shareholders?**

Great Pacific has consistently provided its shareholders with returns between 8-14 per cent even in times of economic uncertainty and continues to do so.

### **What are the funds at Great Pacific?**

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**GP MIC Fund Ltd.** - The GP MIC Fund was created to take advantage of those exceptional opportunities that come along but hold a potential higher risk than the investment opportunities chosen for the Accredit and First Accredit funds. With the

slightly increased risk tends to come a higher return on investment, and in 2008, GP MIC Fund yielded a 13.79 per cent return to investors.

**Who should invest in each of the funds?**

A member of the team at Great Pacific works with each investor to ensure they choose the customized solution that best suits their investment needs.



### **About Great Pacific's Principles**

**Rory Campbell** – Rory Campbell attended the University of Waterloo under ROTP and began his career as an officer in the Navy. Upon completion of his service, he decided to embark on a new career that would “teach him how money worked.” He has worked for such well known financial companies as Associates Finance, Guarantee Trust and Beneficial Finance, all based in Western Canada. A source of personal pride was his success in taking the Victoria branch office of Beneficial Financial from the lowest performing branch to one of the top three in the province, and keeping it there throughout his tenure from 1986-1988.

He has taught courses in consumer and commercial credit management for Camosun College. He joined Great Pacific Financial in 1988 and became a partner in 1992. In 1999, Campbell along with Walt Neufeld and Jeffery Moses bought out Great Pacific's original owner and created Great Pacific Mortgages and Investments.

In his spare time, Campbell volunteers with his local church as well as Hope for the Nations, which works with children at risk around the world. He is also past-president of the Credit Granters Association of Victoria.

**Walt Neufeld** – A graduate of the University of Saskatchewan, and Victoria resident since 1987, Neufeld joined Moses and Campbell at Great Pacific in 1993. He has over 25 years of experience in the financial industry and held management positions with Beneficial Finance Corp., Scotiabank, and Household Finance. Neufeld's extensive experience in mortgage underwriting, and strong commitment to customer service enhance the quality reputation held by Great Pacific. He has served on a numerous boards and committees, is a past president of the Credit Granters Association of Victoria, the Victoria Beacon Hill Liberal Association, a number of Strata Corps., and is a member of the Victoria Curling Club.

**Jeffery Moses** - Jeffery Moses joined Great Pacific in 1993. Moses is a graduate of the University of Western Ontario and began his financial career in Ontario working as a stockbroker. He has held positions with McCarthy Securities, an institutional boutique firm and as Vice President of Midland Doherty Financial Corporation. Moses has over 30 years of experience in the investment and financial industries and his expertise and emphasis on building long term client relationships has contributed to the success of Great Pacific. He is an avid boater, instructor and member of the Canadian Power Squadron and an active member of the Rotary Victoria - Harbourside.