Metropointe Mortgage Investment Corporation

A Relatively Low-Risk B.C. Focused MIC – Initiating Coverage

Expected Yield (FY2024): 8.4%
Rating*: 3
Risk*: 3

Sector: Mortgage Investment Corporations

Click here for more research on the company and to share your views

Sid Rajeev, B.Tech, MBA, CFA
Head of Research

Highlights

- Metropointe, formed in 2011, is a Mortgage Investment Corporation (MIC) focused on offering **short-term mortgages** on residential properties in B.C.
- At the end of June 2023 (Q3-FY2023), Metropointe managed **$61M in mortgages,** with a weighted average **Loan-to-Value (LTV) of 62%. Eighty-nine percent were first mortgages**, and 95% were fixed rate. The MIC does not use leverage to enhance returns, **reflecting management's low risk tolerance.**
- Yields increased from 7.0% in 2021, to 7.5% in 2022, and to **9.2% in Q3-2023**, due to rising interest rates. We believe **Metropointe's yields are higher** than that of comparable MICs focused on first mortgages.
- Due to rising financial instability, and cooling inflation, **we believe lending rates will start declining in H1-2024**. We expect transaction volumes/lending to surge in 2024, driven by lower rates.
- Nationwide mortgage delinquency rates were up from 0.14% in Q4-2022, to 0.15% in Q1-2023 (Source: CMHC). For conservatism, we are modelling higher loan loss allowances for all of the lenders under our coverage. At the end of Q3-FY2023, Metropointe had **0.4% in stage three (impaired) mortgages.** We believe Metropointe's low LTV (62%) puts them in a comfortable position.
- The housing market in Vancouver is showing signs of recovery. As of August 2023, residential real estate prices were up 2.5% YoY. Sales volumes were up 21% YoY.
- We are forecasting a yield of **8.4% in FY2024 vs management's guidance of 9%+,** up from 7.5% in FY2022**.** As we anticipate rates to start declining in H1-2024, **we foresee an increase in demand for high-yielding funds**, such as Metropointe.

Risks

- Concentration – 100% of mortgages are in B.C.
- **Competition**
- **A downturn in the real estate sector** may impact the company's deal flow
- Capital preservation is not guaranteed
- No guaranteed distributions
- **Default rates can rise during recession**

Offering Summary	
Issuer	Metropointe Mortgage Investment Corporation
Securities Offered	Redeemable Class B Preferred Shares (Non-Voting)
Unit Price	$1
Minimum Subscription	$25,000
Distributions to Investors	Quarterly
Redemption Fee	Nil / No lock-in period
Management Fee	2% p.a. of Mortgages Outstanding
Sales Commissions	1% of Capital Raised
Auditor	MNP LLP

Key Financials /YE: Sept 30th	2019	2020	2021	2022	2023E	2024E
Mortgage Receivables	$29,212,881	$27,800,473	$40,149,637	$54,081,092	$63,000,000	$70,000,000
Debt to Capital	0%	0%	0%	0%	0%	0%
Revenue	$3,178,963	$3,232,895	$3,668,458	$4,988,148	$6,878,514	$7,481,250
Net Profit	$2,380,557	$2,056,101	$2,609,523	$3,771,264	$5,323,103	$5,740,943
Dividend Yield	8.1%	6.6%	7.0%	7.5%	8.7%	8.4%

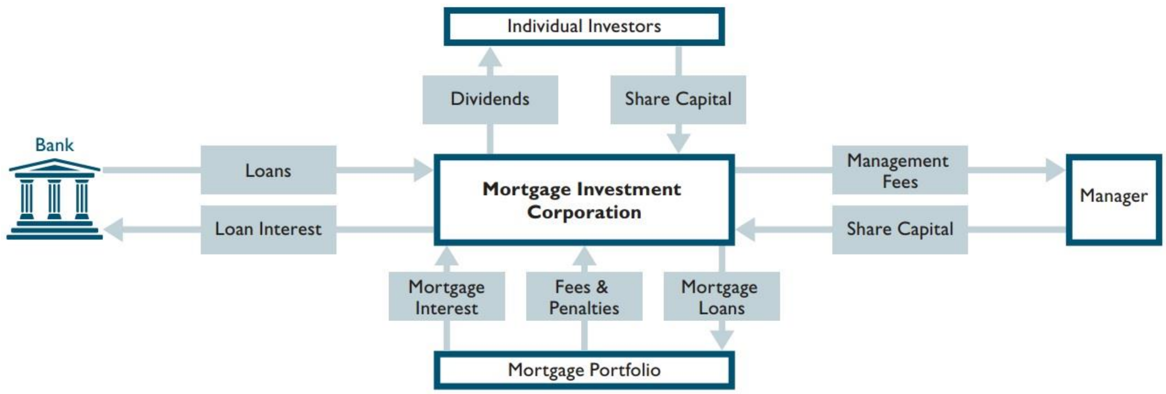
*See last page of this report for important disclosures, rating and risk definitions. All figures in C$ unless otherwise specified.

An Overview of MICs

MICs provide short-term (typically one year) loans secured by real estate in Canada. They do not have to conform to the lending guidelines of banks, and other traditional lenders. MICs have more flexible lending guidelines, and therefore, can offer individually structured/tailor-made loans to meet borrowers' specific requirements. Also, banks have lengthy due diligence processes, and are typically unable to meet borrowers' quick capital needs. **The above reasons allow MICs to charge higher interest rates compared to banks/traditional lenders.**

Short-term loans secured by real estate

MICs pay out 100% of their net profit to investors every year. The following chart shows the business model of a typical MIC:



Source: CMHC

- Most MICs are externally managed by their founders through separate management companies. In return, the management company earns management fees, and/or performance fees from the MIC, and a portion of the origination fee received from a borrower.
- MICs generate revenue from interest earned from borrowers
- MICs finance their mortgages through debt (banks/traditional lenders), and equity (investors)

MICs are audited/regulated by their respective provincial securities commissions. However, they are **not subject to federal government mortgage lending rules**, such as reserve requirements and loan to value limits. This is because, unlike banks and the other financial institutions, MICs do not take deposits.

200 MICs managing approximately $17B

In a recent market study conducted for the Canada Mortgage and Housing Corporation ("CMHC"), we estimated that there are approximately **200 MICs in the country managing approximately $17B,** accounting for 0.8% of the total residential mortgage credit in Canada ($2.1T).

Offices in Vancouver and Surrey

Mortgages are sourced through a network of third-party brokers

The founders own 2.2% of the MIC's preferred shares

Focused on short-term loans on properties in B.C.

Company Overview and Administrator Background

Founded in 2011, and based out of Surrey, B.C., the fund is managed by Metropointe Capital Management Inc. (the Manager). The Manager is owned by the four founders listed below.

Management Team	Profile
Barinder Sekhon, Director	21 years of real estate finance experience in residential and commercial markets
Gurpinder Lally, CPA, CA, Director	18 years of experience in accounting, taxation, and business advisory services; a former partner of an accounting firm in Surrey
Lakhbir Toor, CPA, CA, Director	18 years of experience in accounting, taxation, and business advisory services; partner of an accounting firm in Surrey
Sukhvir Gill, CPA, CGA, Director	25 years of experience in accounting, taxation, and business advisory services; a former partner of an accounting firm in Surrey

Source: FRC / Company

The Manager does not source/manage mortgages for third parties. In return for managing the MIC, the Manager receives 2% p.a. of assets as management/administration fees, and nil performance fees. **Overall, we believe that the Manager's fees are in line with that of comparables of similar size.**

Investment Strategy

- Primarily focused on **first mortgages** on residential properties in B.C.
- Loan sizes typically range between **$1M and $2M**
- No single borrower will account for more **than 15% of AUM**
- Typical mortgage terms are **12 months**
- **Funds will not be loaned to** a property in which a director or officer has a direct or indirect interest
- The MIC has yet to use **leverage** to enhance returns

The following table shows how Metropointe's portfolio compares to that of other similar MICs focused on single-family residential units.

In FY2022, Metropointe's yield was higher than that of comparables

Metropointe does not use leverage, and has higher exposure to first mortgages, with lower stage three (impaired) mortgages

	MetroPointe	Average
First Mortgage	89%	81%
B.C.	100%	41%
ON	0%	46%
AB	0%	6%
Others	0%	7%
LTV	62%	59%
Yield (2022)	7.5%	7.0%
Debt to Capital	0%	24%
Average Loan Size	$1,693,252	$591,970
Stage Three (impaired) % of Receivables	0.4%	2.0%
Allowance % of Receivables	0.7%	0.5%

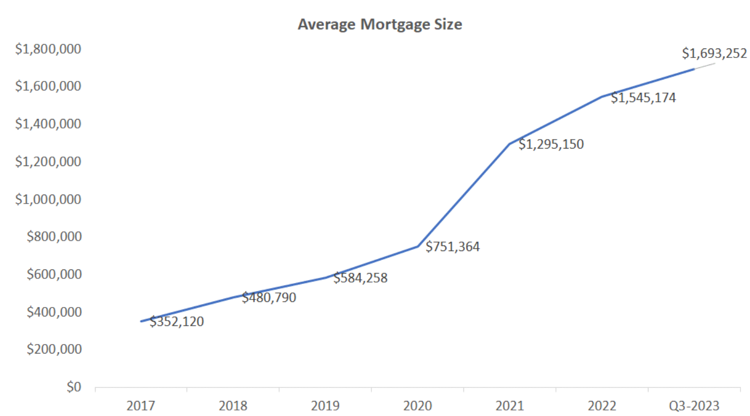
Source: FRC / Various

Portfolio Details (YE: September 30th)

Receivables increased from $19M at the end of FY2017, to $61M by the end of Q3-FY2023

Balance Sheet (YE - Sep 30)	2017	2018	2019	2020	2021	2022	Q3-2023
Cash and Equivalents	$404,615	$2,264,083	$2,754,059	$1,049,272	$3,408,284	$2,089,709	$1,567,230
Accrued Interest Receivable	$189,888	$231,530	$662,074	$822,723	$524,719	$265,711	$296,922
Prepaid Expenses and Other Assets	$45,391	$45,391	$45,391	$45,391	$45,391	$0	$643,423
Mortgage Receiables (net)	$18,662,372	$26,443,434	$29,212,881	$27,800,473	$40,149,637	$54,081,092	$60,957,077
Advances to related parties	$0	$3,494	$2,594	$1,984,707	$1,797,236	$1,564,216	$1,454,219
Total Assets	**$19,302,266**	**$28,987,932**	**$32,676,999**	**$31,702,566**	**$45,925,267**	**$58,000,728**	**$64,918,871**
Accts Payable and Accrued Liabs	$126,186	$183,837	$37,580	$31,333	$25,692	$51,891	$22,868
Dividends Payable	$126,746	$128,351	$144,918	$127,220	$112,939	$151,308	$204,838
Prepaid mortgage interest	$31,804	$104,922	$3,542	$164,625	$252,208	$783,180	$775,000
Fees, advances, & mortgage holdbacks	$20,272	$46,149	$0	$0	$219,331	$112,492	$330,019
Preferred Shares	$18,996,658	$28,524,073	$32,490,359	$31,378,788	$45,314,497	$56,901,257	$63,585,546
Total Liabilities	**$19,301,666**	**$28,987,332**	**$32,676,399**	**$31,701,966**	**$45,924,667**	**$58,000,128**	**$64,918,271**
Common Shares	$600	$600	$600	$600	$600	$600	$600
Total SE	$600	$600	$600	$600	$600	$600	$600
Total Liabilities and SE	**$19,302,266**	**$28,987,932**	**$32,676,999**	**$31,702,566**	**$45,925,267**	**$58,000,728**	**$64,918,871**
Debt to Capital	0%	0%	0%	0%	0%	0%	0%
Interest Coverage	n/a	n/a	n/a	n/a	n/a	n/a	n/a

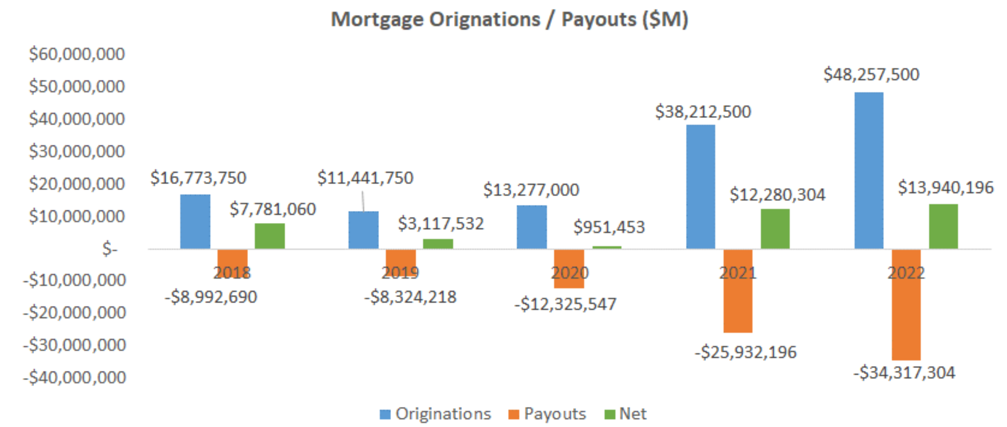
The average mortgage size has been increasing every year



Source: Company / FRC

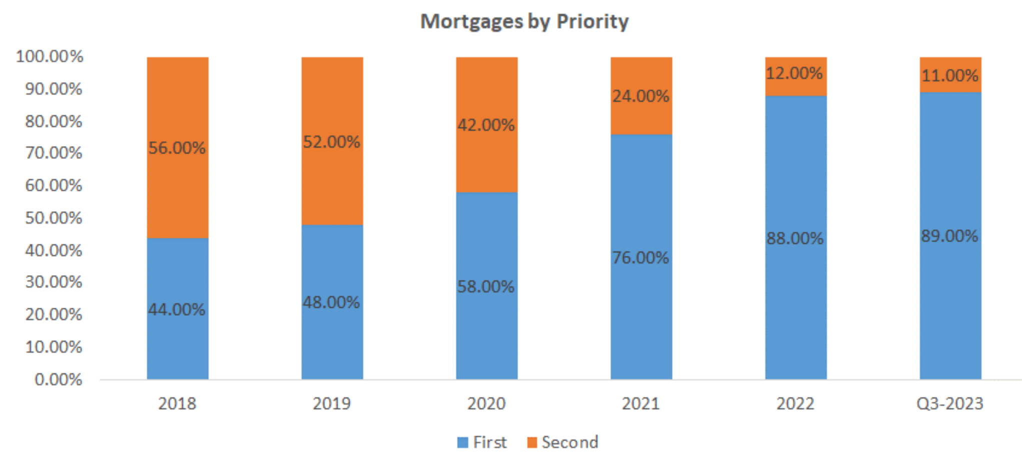
Originations were up 26% YoY in FY2022; repayments were up 32%

In FY2023 (9M), originations were down 71% YoY, and repayments were down 75% YoY



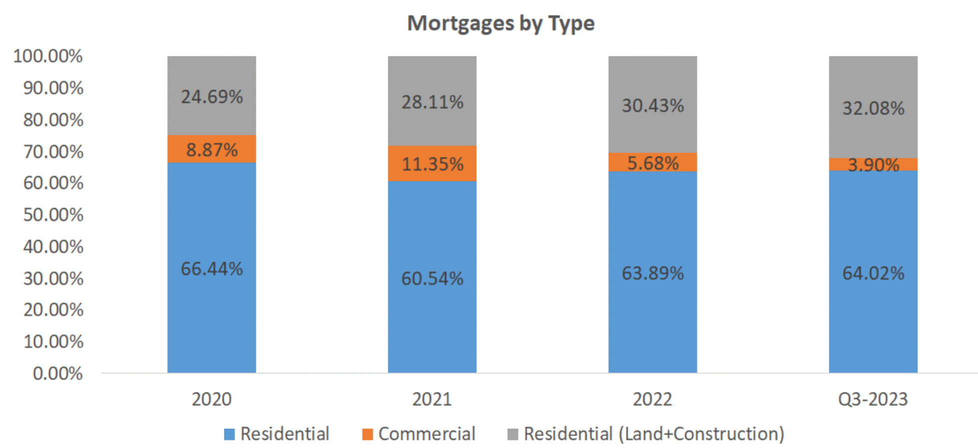
At the end of Q3-FY2023, first mortgages accounted for 89% of outstanding mortgages

All of Metropointe's mortgages had terms of <=12 months



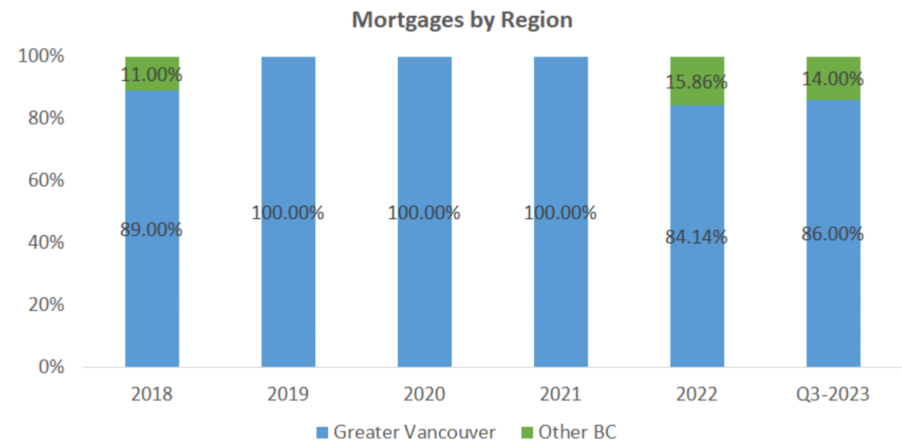
At the end of Q3-FY2023, residential properties accounted for 96% of outstanding mortgages

Already-built residential properties accounted for 64%

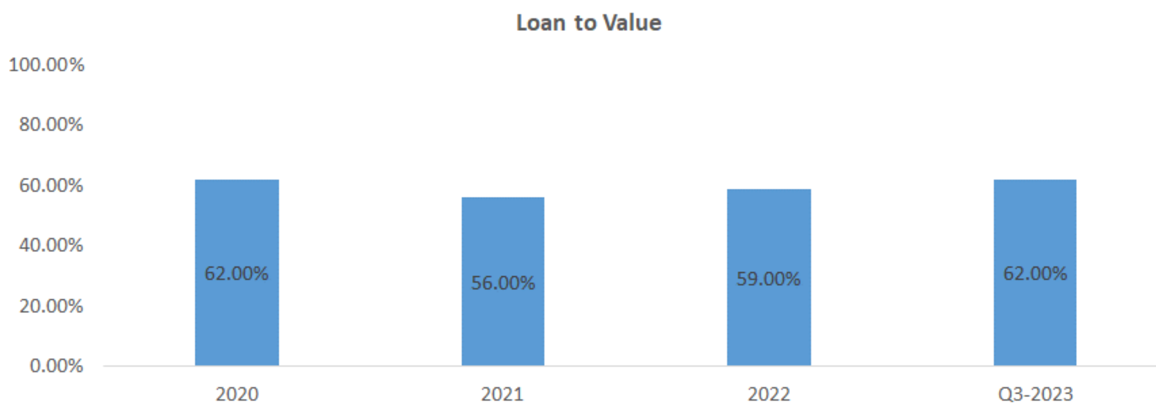


Source: Company / FRC

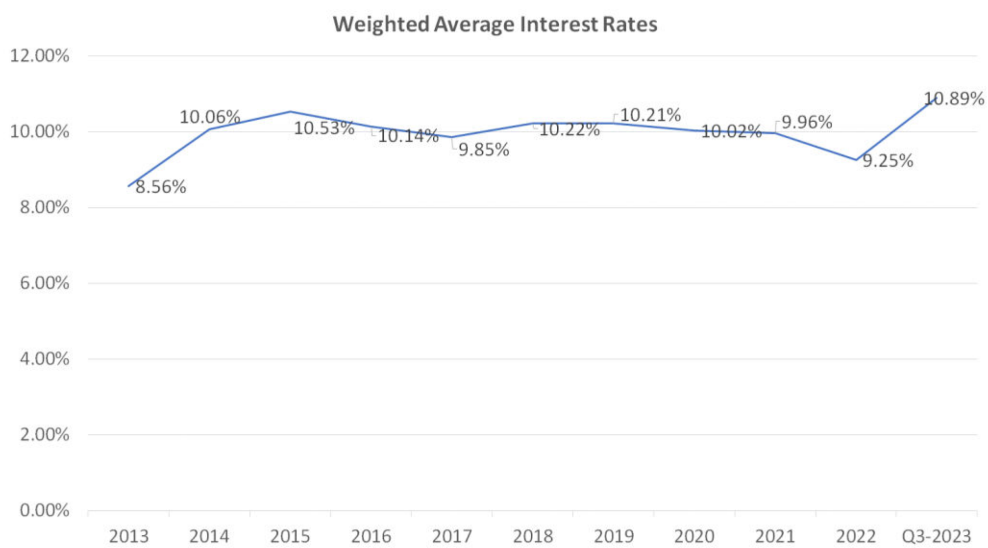
The Greater Vancouver area accounted for 86%



The weighted average LTV was 62% at the end of Q3-FY2023



Lending rates spiked in FY2023



Source: Company / FRC

Stage three (impaired) mortgages accounted for 0.4% of the portfolio

	2017	2018	2019	2020	2021	2022	2023 (9M)
Loan loss allowances (end of period)	$0	$0	$348,084	$500,000	$143,085	$151,826	$415,841
% of Total Mortages	0.00%	0.00%	1.19%	1.80%	0.36%	0.28%	0.68%
Actual/Realized Losses	$0	$0	$81,916	$864,418	$751,480	$198,428	$0
% of Total Mortages	0.0%	0.0%	0.3%	3.0%	2.2%	0.4%	0.0%
Impaired Mortgages (Stage 3)	$0	$0	$604,750	$838,055	$1,898,491	$262,918	$262,918
% of Total Mortages	0.0%	0.0%	2.1%	3.0%	4.7%	0.5%	0.4%

Financials

FY2023 (9M) revenue was up 28% YoY; dividends/unit (paid quarterly) were up 25% YoY, primarily due to higher lending rates

Income Statement (YE - Sep 30)	2017	2018	2019	2020	2021	2022	2023 (9M)
Interest Income	$1,580,999	$2,148,644	$2,790,875	$2,860,380	$2,939,028	$4,127,520	$4,274,672
Fees and Other Income	$288,002	$349,210	$388,088	$372,515	$729,430	$860,628	$507,483
Revenue	**$1,869,001**	**$2,497,854**	**$3,178,963**	**$3,232,895**	**$3,668,458**	**$4,988,148**	**$4,782,155**
G&A	$404,996	$535,514	$367,068	$158,133	$662,230	$1,005,338	$817,472
Bank Charges and Interest	$5,652	$19,063	$1,338	$2,327	$2,140	$4,377	$1,788
Bad Debt	$0	$0	$0	$178,142	$106,391	$11,011	$155,619
Impairment of Mortgage Receivable	$0	$0	$0	$245,372	$0	$0	$0
Provision for Loss	$0	$0	$430,000	$592,820	$288,174	$196,158	$56,693
Expenses	**$410,648**	**$554,577**	**$798,406**	**$1,176,794**	**$1,058,935**	**$1,216,884**	**$1,031,572**
Operating Income	$1,458,353	$1,943,277	$2,380,557	$2,056,101	$2,609,523	$3,771,264	$3,750,583
Preferred Dividends	**$1,458,353**	**$1,943,277**	**$2,380,557**	**$2,056,101**	**$2,609,523**	**$3,771,264**	**$3,750,583**
Net Income (Loss)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Common Shares	600	600	600	600	600	600	600
Preferred Shares	18,996,658	28,524,073	32,490,359	31,378,788	45,314,497	56,901,257	63,585,546
Dividend/Preferred Share	$0.093	$0.093	$0.078	$0.066	$0.058	$0.074	$0.062
NAV per Share (Preferred)	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00

Yields increased from 7.02% in FY2021, to 8.50% in FY2023 (9M)

% of Mortgage Receivables (net)	2017	2018	2019	2020	2021	2022	2023 (9M)
Revenues	11.53%	11.08%	11.42%	11.34%	10.80%	10.59%	11.79%
Less:							
G&A	2.50%	2.37%	1.32%	0.55%	1.95%	2.13%	2.02%
Bank Charges and Interest	0.03%	0.08%	0.00%	0.01%	0.01%	0.01%	0.00%
Loan Loss Provisions/Others	0.00%	0.00%	1.55%	3.57%	1.16%	0.44%	0.52%
Net Income	**9.00%**	**8.62%**	**8.55%**	**7.21%**	**7.68%**	**8.00%**	**9.25%**
Investors' Returns	8.92%	8.18%	7.80%	6.44%	6.81%	7.38%	6.07%
Reported Yields	9.01%	9.02%	8.14%	6.63%	7.02%	7.49%	8.50%

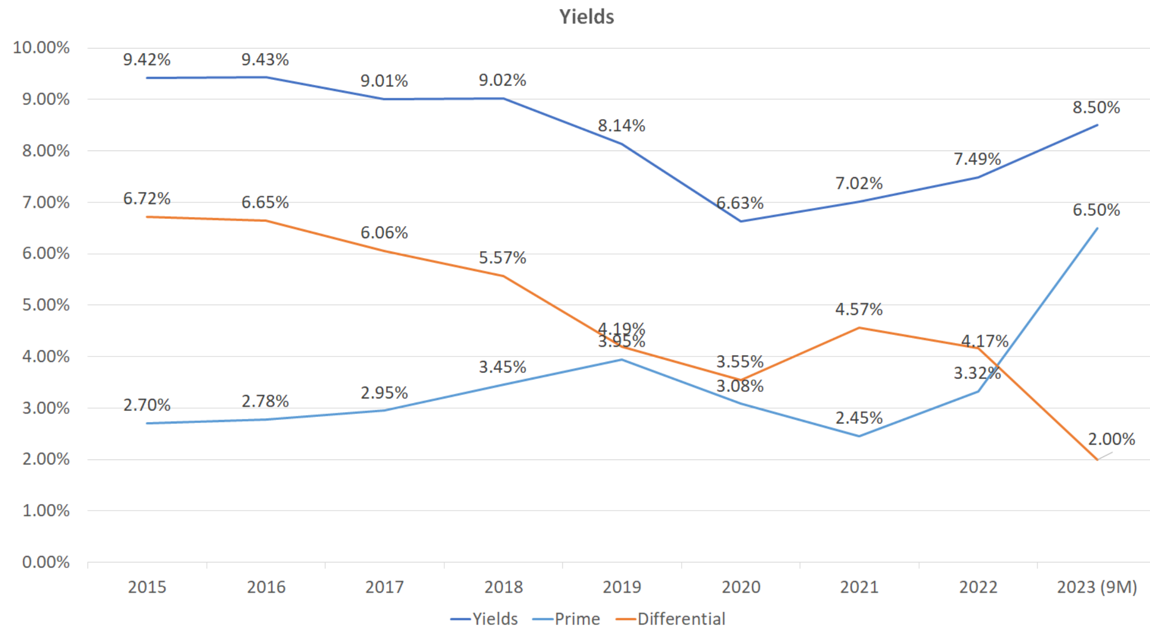
Note that the above figures may be slightly different from the figures reported by the MIC due to differences in the method of calculation. We used the average of the opening and year-end balances of mortgages outstanding and invested capital.

Source: Company / FRC

As with most MICs, Metropointe's differential (yield net of prime) has been declining due to increased competition

Historical Returns

Fiscal Year End	Return
September 30, 2022	7.49%
September 30, 2021	7.02%
September 30, 2020	6.63%
September 30, 2019	8.14%
September 30, 2018	9.02%
September 30, 2017	9.01%
September 30, 2016	9.43%
September 30, 2015	9.42%
September 30, 2014	8.22%
September 30, 2013	6.54%
September 30, 2012	7.05%
Average last 5 years	7.66%
Average last 10 years	8.09%
Average since inception	8.00%



Source: Company / FRC

FRC Projections and Rating

We are projecting a yield of 8.4% in FY2024 vs management's guidance of 9%+

Our forecast is conservative as we are modelling higher loan loss allowances

Key Financials /YE: Sept 30th	2021	2022	2023E	2024E
Mortgage Receivables	$40,149,637	$54,081,092	$63,000,000	$70,000,000
Debt to Capital	0%	0%	0%	0%
Revenue	$3,668,458	$4,988,148	$6,878,514	$7,481,250
Net Profit	$2,609,523	$3,771,264	$5,323,103	$5,740,943
Dividend Yield	7.0%	7.5%	8.7%	8.4%

Source: FRC

We are assuming loan loss allowances will increase by 100% in the next 12 months; we note that banks and conventional lenders had raised their allowances by 100%-200% during past recessions

Our estimate for the FY2024 yield varies between 7.7% and 8.7%, using various assumptions for loan loss allowances

Loan Loss Allowances (% of Mortgages)	FY2024E Yield 8.4%
0.0%	8.74%
50.0%	8.57%
100.0%	8.39%
200.0%	8.04%
300.0%	7.69%

Source: FRC

We are initiating coverage with an overall rating of 3, and a risk rating of 3. We believe a major highlight of Metropointe is its relatively low risk-profile, reflected by a higher percentage of first mortgages, and nil use of leverage. As we anticipate rates to start declining in H1-2024, **we foresee an increase in demand for high-yielding funds**, such as Metropointe. Key risks include a softer mortgage origination market, and higher default rates.

FRC Rating	
Expected Yield (FY2024E)	8.4%
Rating	3
Risk	3

Risks

We believe the fund is exposed to the following key risks (not exhaustive):

- Concentration – 100%+ of mortgages are in B.C.
- **Competition**
- Investments in mortgages are typically impacted by macroeconomic conditions, and local real estate markets
- **A downturn in the real estate sector** may impact the company's deal flow
- Capital preservation is not guaranteed
- No guaranteed distributions
- Timely deployment of capital is critical
- **Default rates can rise during recession**

APPENDIX

Income Statement (YE - Sep 30)	2017	2018	2019	2020	2021	2022	2023E	2024E
Interest Income	$1,580,999	$2,148,644	$2,790,875	$2,860,380	$2,939,028	$4,127,520	$6,053,092	$6,583,500
Fees and Other Income	$288,002	$349,210	$388,088	$372,515	$729,430	$860,628	$825,422	$897,750
Revenue	**$1,869,001**	**$2,497,854**	**$3,178,963**	**$3,232,895**	**$3,668,458**	**$4,988,148**	**$6,878,514**	**$7,481,250**
G&A	$404,996	$535,514	$367,068	$158,133	$662,230	$1,005,338	$1,182,519	$1,343,300
Bank Charges and Interest	$5,652	$19,063	$1,338	$2,327	$2,140	$4,377	$2,384	$2,623
Bad Debt	$0	$0	$0	$178,142	$106,391	$11,011	$155,619	$155,619
Provision for Loss	$0	$0	$430,000	$592,820	$288,174	$196,158	$214,889	$238,765
Expenses	**$410,648**	**$554,577**	**$798,406**	**$1,176,794**	**$1,058,935**	**$1,216,884**	**$1,555,411**	**$1,740,307**
Operating Income	$1,458,353	$1,943,277	$2,380,557	$2,056,101	$2,609,523	$3,771,264	$5,323,103	$5,740,943
Preferred Dividends	**$1,458,353**	**$1,943,277**	**$2,380,557**	**$2,056,101**	**$2,609,523**	**$3,771,264**	**$5,323,103**	**$5,740,943**
Net Income (Loss)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Common Shares	600	600	600	600	600	600	600	600
Preferred Shares	18,996,658	28,524,073	32,490,359	31,378,788	45,314,497	56,901,257	64,901,257	71,901,257
Dividend/Preferred Share	$0.093	$0.093	$0.078	$0.066	$0.058	$0.074	$0.087	$0.084
NAV per Share (Preferred)	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00

Balance Sheet (YE - Sep 30)	2017	2018	2019	2020	2021	2022	2023E	2024E
Cash and Equivalents	$404,615	$2,264,083	$2,754,059	$1,049,272	$3,408,284	$2,089,709	$822,469	$709,952
Accrued Interest Receivable	$189,888	$231,530	$662,074	$822,723	$524,719	$265,711	$292,282	$321,510
Prepaid Expenses and Other Assets	$45,391	$45,391	$45,391	$45,391	$45,391	$0	$321,712	$353,883
Mortgage Receiables (net)	$18,662,372	$26,443,434	$29,212,881	$27,800,473	$40,149,637	$54,081,092	$63,000,000	$70,000,000
Advances to related parties	$0	$3,494	$2,594	$1,984,707	$1,797,236	$1,564,216	$1,720,638	$1,892,701
Total Assets	**$19,302,266**	**$28,987,932**	**$32,676,999**	**$31,702,566**	**$45,925,267**	**$58,000,728**	**$66,157,100**	**$73,278,046**
Accts Payable and Accrued Liabs	$126,186	$183,837	$37,580	$31,333	$25,692	$51,891	$57,080	$62,788
Dividends Payable	$126,746	$128,351	$144,918	$127,220	$112,939	$151,308	$212,924	$229,638
Prepaid mortgage interest	$31,804	$104,922	$3,542	$164,625	$252,208	$783,180	$861,498	$947,648
Fees, advances, & mortgage holdbacks	$20,272	$46,149	$0	$0	$219,331	$112,492	$123,741	$136,115
Preferred Shares	$18,996,658	$28,524,073	$32,490,359	$31,378,788	$45,314,497	$56,901,257	$64,901,257	$71,901,257
Total Liabilities	**$19,301,666**	**$28,987,332**	**$32,676,399**	**$31,701,966**	**$45,924,667**	**$58,000,128**	**$66,156,500**	**$73,277,446**
Common Shares	$600	$600	$600	$600	$600	$600	$600	$600
Total SE	$600	$600	$600	$600	$600	$600	$600	$600
Total Liabilities and SE	**$19,302,266**	**$28,987,932**	**$32,676,999**	**$31,702,566**	**$45,925,267**	**$58,000,728**	**$66,157,100**	**$73,278,046**
Debt to Capital	0%	0%	0%	0%	0%	0%	0%	0%
Interest Coverage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Cash Flow (YE - Sep 30)	2023E	2024E
Net Income (Loss)	$5,323,103	$5,740,943
Non-Cash Items		
Change in WC	-$348,332	-$112,518
Cash from Operating Activities	**$4,974,771**	**$5,628,425**
Equity	$8,000,000	$7,000,000
Debt		
Others	-$5,323,103	-$5,740,943
Cash from Financing Activities	**$2,676,897**	**$1,259,057**
Increase in mortgage loans (net)	-$8,918,908	-$7,000,000
Cash from Investing Activities	**-$8,918,908**	**-$7,000,000**

Fundamental Research Corp. Rating Scale:

Rating – 1: Excellent Return to Risk Ratio
Rating – 2: Very Good Return to Risk Ratio
Rating – 3: Good Return to Risk Ratio
Rating – 4: Average Return to Risk Ratio
Rating – 5: Weak Return to Risk Ratio
Rating – 6: Very Weak Return to Risk Ratio
Rating – 7: Poor Return to Risk Ratio
A "+" indicates the rating is in the top third of the category, A "-" indicates the lower third and no "+" or "-" indicates the middle third of the category.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk)
2 (Below Average Risk)
3 (Average Risk)
4 (Speculative)
5 (Highly Speculative)

FRC Distribution of Ratings			
Rating - 1	0%	Risk - 1	0%
Rating - 2	32%	Risk - 2	10%
Rating - 3	46%	Risk - 3	41%
Rating - 4	8%	Risk - 4	32%
Rating - 5	4%	Risk - 5	8%
Rating - 6	1%	Suspended	10%
Rating - 7	0%		
Suspended	9%		

Disclaimers and Disclosure
The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that was provided and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees have been paid by the issuer to FRC to issue this report. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time.

To subscribe for real-time access to research, visit https://www.researchfrc.com/website/subscribe/ for subscription options. This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction