

Northern Coast Strategic Fund

Series "A" 8% Secured Bonds

July 2020

Investment Highlights

Overview

Northern Coast Strategic Fund Inc. ("NCSF") raises funds from individual investors through the sales of Secured Bonds and invests the proceeds in alternative Canadian mortgages.

Investment Highlights

- Bond prices do not fluctuate: The price of Series "A" Bonds is fixed at \$1,000.00
- Fixed monthly cashflow: Interest on Series "A" is fixed at 8.0% (per year) and interest is distributed monthly
- Bonds may be redeemed in part or in whole once a year
- Bonds are RSP, RRIF, RESP, and TFSA eligible
- No fees: NCSF's "no fee policy" means that investors do not pay management fees nor do they pay sales charges to Advisors

Asset-backed Security

"Alternative" mortgages are given to borrowers who are overlooked by Canada's "A" lenders, comprised of banks and insurance companies. NCSF's proprietary credit matrix identifies good borrowers that don't meet the rigid lending criteria of traditional lenders.

NCSF Series "A" Secured Bonds provides investors with the regular cash flow and security of a traditional mortgage investment without having to assume the risks of being directly on title.

Proven Portfolio Management Experience

NCSF believes in a 2-tiered "manage the manager" approach that enhances risk mitigation. NCSF is administered by Black Hawk Consulting Inc., a licensed Mortgage Administrator regulated by the FSAO. Since 2006, Black Hawk has originated and administered over 750 alternative mortgages worth nearly \$300 million. In addition to Black Hawk's proven track record, NCSF applies rating agency methodology and tools:

- NCSF uses a proprietary credit matrix to standardize risk evaluation at during the mortgage origination stage
- NCSF applies a Credit Enhancement model that provides an extra layer of risk mitigation at the portfolio level.

Fund Facts

Price per Bond	\$1,000
Fixed yield	8.0%
Yield type	Interest
Distribution	Monthly
Retraction fee	None
Management fee	None
Registered Plans	Yes

Portfolio

Combined Portfolio (*)	\$52,000,000
NCSF assets	\$3,080,000
Inception (*)	2006
Average LTV	81.2%

Series "A"
8%
Secured Bonds



Northern Coast

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Use of Funds

Alternative Mortgages : Opportunity for Investors

NCSF understands that traditional lenders are hesitant to lend to a borrower whose story does not fit "the mould". NCSF focuses on borrowers with strong overall character, but who may have credit histories and untraditional stories that preclude them from satisfying traditional lenders' standards of credit worthiness.

The five most common reasons that traditional lenders decline borrowers are as follows:

- Poor Credit
- No Collateral
- Poor character
- Unsteady or Undocumented Cash Flow
- Untraditional story

For these reasons many individuals must turn to alternative sources to secure a mortgage loan. Since the financial crisis of 2008, banks have been tightening lending policies in part to meet internal policies and in part to comply with an ever increasing amount of regulation, such as new OSFI rules B20 and B21. With limited credit available from conventional lenders and more risk-averse practices taking prominence when it comes to approving mortgages.

NCSF believes it is becoming increasingly important for individual investors to benefit from the premium paid by borrowers to access alternative capital.

Oversight and Trusted Partners

NCSF investors benefit from the oversight of the following trusted service providers:



blackhawk

Black Hawk is NCSF's Portfolio Manager under the Black Hawk Services Agreement and is a licensed Mortgage Administrator, regulated by the FSAO. (*)



NVS CHARTERED ACCOUNTANTS
PROFESSIONAL CORPORATION

NVS is a mid-sized Accounting Firm that and member of RSM Canada Alliance



An independently owned member
RSM Canada Alliance

(*) NCSF's mortgage portfolio is a sub-portfolio of Black Hawk's portfolio, created in 2006. NCF owns 18.0% of Black Hawk. The NCSF 2015 Bond Indenture gives investors yearly retraction rights. NCSF Series "A" Secured Bonds do not trade on an exchange and NCSF is not a reporting issuer. There are restrictions from selling the securities. Investors should seek professional advice from a licensed advisor. Investors should read all NCSF marketing and disclosure materials, available on SEDAR and on NCSF's website: www.northerncoast.ca. All subscriptions to NCSF Series "A" Bonds are subject to applicable securities regulation, and investors who do not have a duly registered investment advisor will be provided one by NCSF at no cost to the investor.

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Term Sheet

Issuer:	NORTHERN COAST STRATEGIC FUND INC. (the "Corporation").
Offering:	A minimum of 1,000, and a maximum of 25,000, 8.0% series A non-convertible secured bonds of the Corporation (the "Bonds").
Offering Size:	Minimum gross proceeds of \$1,000,000 and maximum gross proceeds of \$25,000,000.
Price:	\$1,000 per Bond.
Minimum Subscription:	The Subscriber must purchase a minimum of twenty-five Bonds.
Interest payments:	Interest payments are handled by Black Hawk, a licensed mortgage administrator.
Prospectus Exemptions:	The Bonds will be sold to subscribers in Canada in reliance on the "accredited investor" prospectus exemption in section 2.3 of NI 45-106 or subsection 73.3(2) of the <i>Securities Act</i> (Ontario), the "family, friends and business associates" prospectus exemption in section 2.5, section 2.6, or section 2.6.1 of NI 45-106.
Selling Jurisdictions:	All of the provinces of Canada.
Finder's Fees:	The Corporation may engage one or more third parties to find purchasers of the Bonds and may pay such third party a finder's fee or commission equal to up to 5.0% of the gross proceeds of the sale of Bonds (including Dealer fees).
Use of Net Proceeds:	Loans to Northern Coast Strategic Fundco Inc., under the Fundco Administration Agreement.
Listing:	The Corporation is not, and has no present intention of becoming, a "reporting issuer" in any province or territory of Canada. Further the Bonds are not listed on any stock exchange or quoted on any quotation and trade reporting system.
Resale Restrictions:	Unless permitted under applicable securities legislation, the holders of the Bonds must not trade the Bonds before the date that is four months and a day after the later of (i) the closing date, and (ii) the date the Corporation became a "reporting issuer" in any province or territory.
Eligibility:	The Bonds is an eligible investments for registered plans.
Redemption and Retraction Rights:	Bondholders have the right to redeem all or part of their investment on the anniversary of their investment, with the exception of the first anniversary; conditions apply, please consult the Bond Indenture.
Closing Date(s):	Closings are expected to occur on the first business day of each month but may take place periodically at the Corporation's discretion.
NCSF Managers and Directors:	Ian Cousins, NCSF Director, and President of Blackhawk Consulting Inc. John Baldo, President of Black Hawk Mortgages Inc. Thomas Jones, CEO and NCSF Director

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Term Sheet

STATUTORY RIGHTS

This term sheet may constitute an "offering memorandum" under Ontario securities legislation. Consequently, in that province, a purchaser may have a statutory right of action for rescission or damages where this term sheet contains a misrepresentation.

Ontario securities legislation provides that when an offering memorandum is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in Section 73.3 of the Securities Act (Ontario), or the "private issuer" prospectus exemption or the "minimum amount investment" prospectus exemption provided in Sections 2.4 and 2.10, respectively, of National Instrument 45-106 - Prospectus Exemptions, the right of action described below is applicable, unless the prospective purchaser is: (a) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under Section 473(1) of that Act; (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada; (c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada); (d) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or (e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Where an offering memorandum that contains a misrepresentation is delivered in connection with a trade made in reliance on the aforementioned prospectus exemptions, a purchaser who purchases a security offered by the offering memorandum during the period of distribution will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against the issuer and a selling security holder on whose behalf the distribution was made or, while still the owner of securities against the issuer or selling security holder on whose behalf the distribution was made for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action will be exercisable by the purchaser only if the purchaser commences the action, in the case of any action for rescission, not more than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, before the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

A defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. In no case will the amount recoverable for the misrepresentation exceed the price at which the securities were offered.

FORWARD LOOKING STATEMENT

Certain statements included in this news release constitute forward looking statements which reflect NCSF's current expectations regarding future results or events. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. Forward-looking statements involve significant risks and uncertainties and a number of factors could cause actual results to materially differ from expectations discussed in the forward looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements are based on what NCSF believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the current date and we assume no obligation to update or revise them to reflect new events or circumstances.

This communication is not to be construed as a public offering to sell, or a solicitation of an offer to buy securities. Such an offer can only be made by way of a prospectus or other applicable offering document and should be read carefully before making any investment. This release is for information purposes only. Investors should consult their Investment Advisor for details and risk factors regarding specific strategies and various investment products.