

# Optimize your mortgage

- DISCUSSION WITH NESTO -

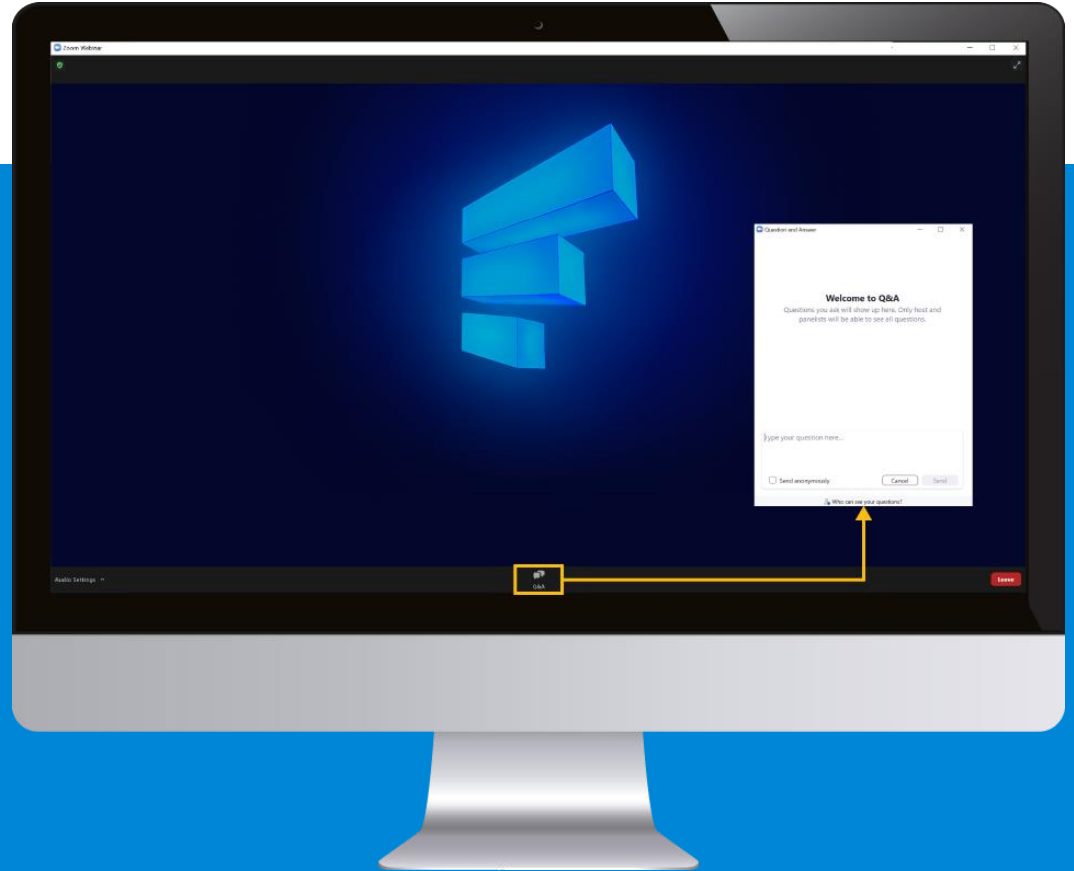
October 18, 2022

# Introduction

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## Technical information

Send your questions by using the box at the bottom of the platform window and click Send.



# Optimize your mortgage with

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**Nicolas Samaan**  
F. Pl.

Assistant Vice-President,  
Business Development



**Chase Belair**

Co-Founder  
Principal Broker



# Cautionary statement

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Before implementing any mortgage strategy, we suggest that you discuss it with a **mortgage professional** to ensure that it meets your situation and needs.

**This presentation is provided for information purposes only.**

# Agenda

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## Introduction

- Unique business model  
Exclusive offering

Property price trends in Quebec

Your mortgage beyond the rate

Saving strategies for your mortgage

Beyond financial services,  
there is an NPO

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**Accelerating the financial  
independence of Quebec's  
engineering professionals**





For everything about  
FÉRIQUE Investment Services  
and FÉRIQUE Fund Management:

[FERIQUE.COM](https://www.ferique.com)

\* Principal distributor of FÉRIQUE Funds



# FÉRIQUE Fund Management in figures

AS AT SEPTEMBER 30, 2022



**\$3.4 B**  
ASSETS UNDER  
MANAGEMENT



MORE THAN  
**23,677**  
FÉRIQUE FUNDS  
UNITHOLDERS



**18**  
INVESTMENT FUNDS  
AND PORTFOLIOS



**3**  
FUNDS FOCUSED ON  
SUSTAINABLE DEVELOPMENT  
AND INNOVATION



# Many promotions for you and your family



Invite someone and  
get a chance to win  
**\$100\***



\*Conditions apply. FÉRIQUE Investment Services, Principal Distributor of the FÉRIQUE Funds



A well-calculated  
welcome offer\*

GET  
up to  
**\$150\***

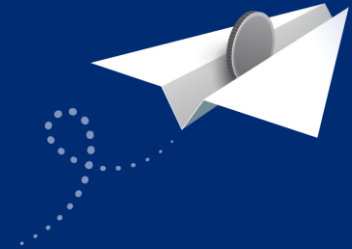


\*Conditions apply



Transfer Fee  
Reimbursement

When you transfer an account of \$5,000 or more, FÉRIQUE Investment Services will reimburse transfer fees up to a maximum of \$150.



\*Conditions apply. FÉRIQUE Investment Services, Principal Distributor of the FÉRIQUE Funds

# How can we help you with your mortgage?

FÉRIQUE Investment Services partners with nesto to give you access to the **most competitive mortgages** on the market. In addition, as a FÉRIQUE Investment Services client, you will **get 0.15% of the amount of your mortgage in return** to invest in FÉRIQUE Funds\*.



Mortgage Experts

\*Exclusively for engineers, engineering graduates and their families. See eligibility conditions at [ferique.com/eligibility](https://ferique.com/eligibility). This remittance must be invested in a Fund held by you in a new or existing account with FÉRIQUE Investment Services. See eligibility conditions to invest in FÉRIQUE Funds. FÉRIQUE Investment Services reserves the right to end this introductory offer at any time without notice.





# nesto is Canada's leading **digital-first mortgage brand**

- ✓ Absolute best pricing: ability to cut down our margins through tech efficiency gains
- ✓ Best digital experience: the only end to end digital experience in Canada, from coast to coast
- ✓ With the fastest mortgage approval
- ✓ Low mortgage rate upfront, every time. Expert advice. No commission.



# Our Mission

At nesto, we're on a mission to offer a **positive, empowering** and **transparent** property financing experience, simplified from start to finish.

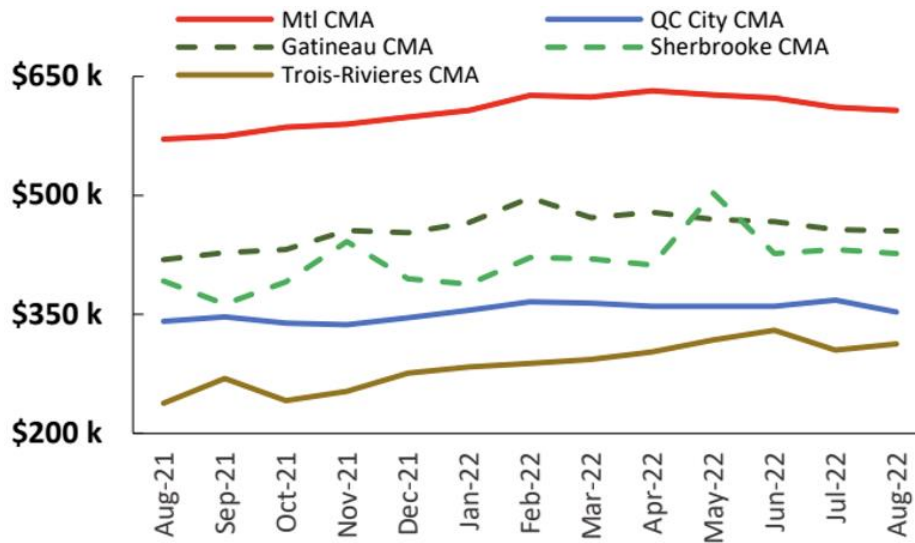
# Property price trends in Quebec

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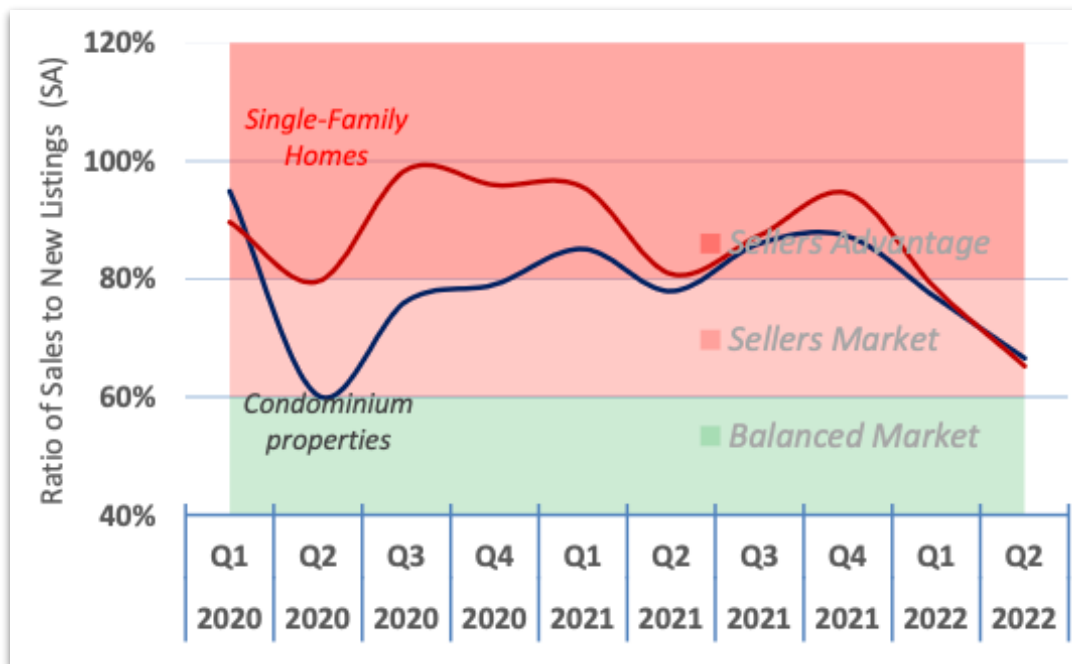
# Prices of properties in Quebec are stabilizing

*Evolution of the average property price in Quebec*



# Moving towards a more balanced real estate market in QC

Sales to Listing Ratio | Greater Montreal



How do you think the average property price in Quebec is going to change in 2023?

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**A) 15% increase**

**B) 5% increase**

**C) No change**

**D) 5% decrease**

**E) 15% decrease**



# How are property prices going to evolve in 2023?

Projected property price in  
Canada in 2023

↓ 19%

Projected property price in  
Quebec in 2023

↓ 5.3%

## Drivers



Inflation



Interest rates



Housing Supply

Your mortgage beyond  
the rate

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In your opinion, what is the main feature a borrower should consider when taking on a new mortgage?

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- A) The type of rate**
- B) The prepayment options**
- C) The amortization**
- D) The portability**
- E) The penalties**

# Key elements to consider when taking a new mortgage

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## Basic features



Type of rate



Term



Amortization

## Features often overlooked



Assumability



Portability



Prepayment options



Penalties

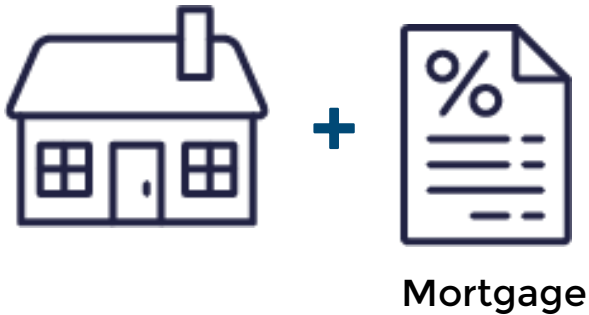
# Assumability

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**Definition:** The outstanding mortgage on a property is transferred from the existing homeowner to the person buying the property.

**Seller**

**Buyer**



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**Seller**

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Mortgage

# Portability

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**Definition:** With mortgage portability, the borrower can transfer his existing mortgage (along with its current rate and terms) from his current house to his new house

## Current House



+



Mortgage

## New House



# Portability

**Definition:** With mortgage portability, the borrower can transfer his existing mortgage (along with its current rate and terms) from his current house to his new house

## Current House



## New House



+



Mortgage





# Prepayment Options

**Definition:** The ability to pay beyond your allocated monthly payment against your mortgage, to pay your mortgage faster



## Yearly Lump Sum

+ 10 - 20% (typically)

Mortgage balance: **\$350,000**

You can pay **\$35,000** to **\$70,000** per year, with no penalty



## Increased Payment

+ 10 - 20% (typically)

Current monthly payments: **\$1,200**

You can increase your monthly payment to: **\$1,320 or \$1,440**

**Prepayments go directly to pay off the principal**

Example

# Penalties

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A penalty is a fee that your mortgage lender may charge if you:



**Pay more than the allowed additional amount**



**Break your mortgage contract**



**Transfer your mortgage before the end of your term**



**Pay back your entire mortgage before the end of your term (ex: sale)**

## Penalties - % Balance vs. 3 Month Interest vs. Interest Rate Differential

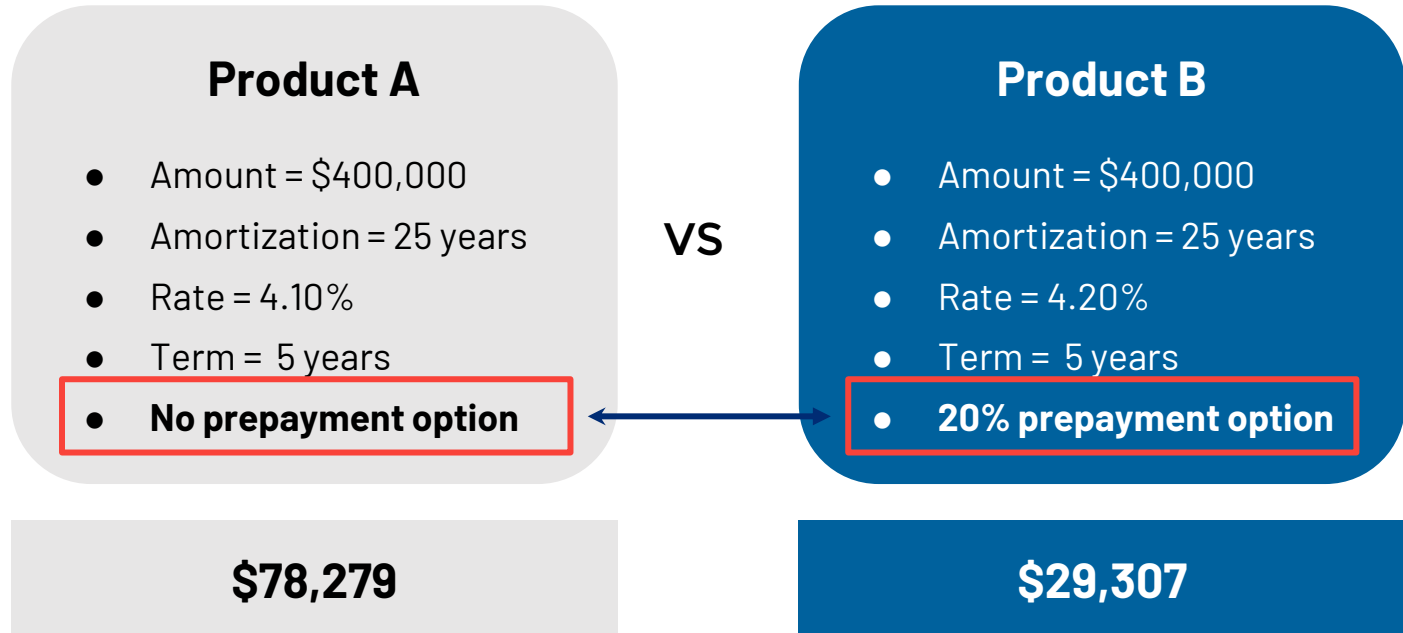
| Penalty                 | % of Balance                                  | 3 Months Interest   | Interest Rate Differential  |
|-------------------------|---|---|---|
| <b>Definition</b>       | Equal to a fixed percentage remaining balance | Equal to 3 months interest on the remaining balance       | Difference in loss of collected interest if lender were to re-lend at today's rate for comparable term. |
| <b>Mortgage Type</b>    | Variable or Fixed                             | Variable or Fixed   | Fixed   |
| <b>Mortgage Balance</b> | \$319K  | \$319K  | \$319K  |
| <b>Interest Rate</b>    | 3%<br>(Fixed on restrictive mortgage)         | 4.67%<br>(Prime less 0.78%)                               | 4.89%   |
| <b>Calculation</b>      | $\$319,000 \times 3\% = \mathbf{\$9570}$      | $\$319,000 \times 4.67\% / 12 \times 3 = \mathbf{\$3724}$ | $(4.67\% - 4.89\%) \times \$319,000 / 12 \times 24 = \mathbf{(\$1404)}$                                 |

# Saving strategies for your mortgage

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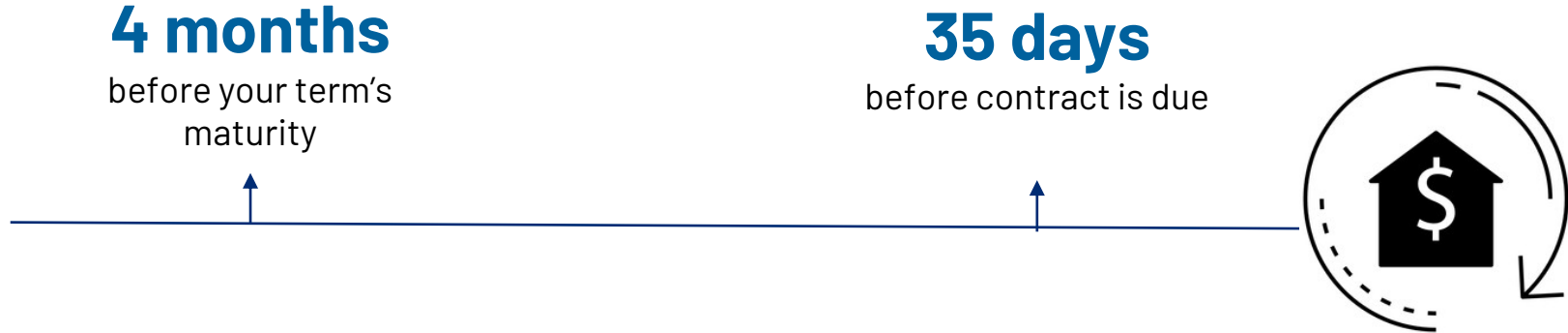


# Taking advantage of pre-payment options



Interests paid during the term

# When does it make sense to do an early renewal?



Considerations:



Current mortgage rate



Projected mortgage rate



Penalties

# Porting a mortgage



Mortgage balance:  
**\$450,000**  
 Existing mortgage rate:  
**2.5% fixed**

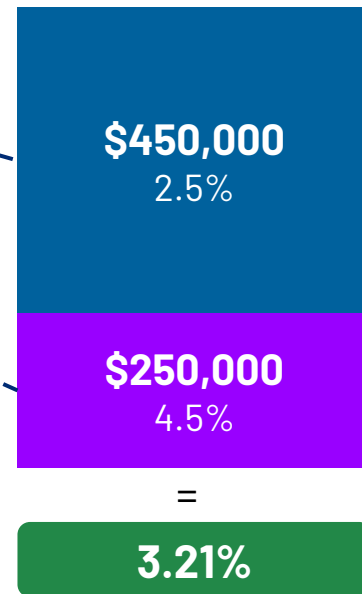


New house price:  
**\$700,000**  
 Current mortgage rate:  
**4.5%**



## Strategy = Porting the mortgage

- Port existing mortgage at the existing 2.5% fixed mortgage rate
- Add new mortgage for remaining \$250,000 at the current mortgage rate of 4.5%





Questions?





# Notice

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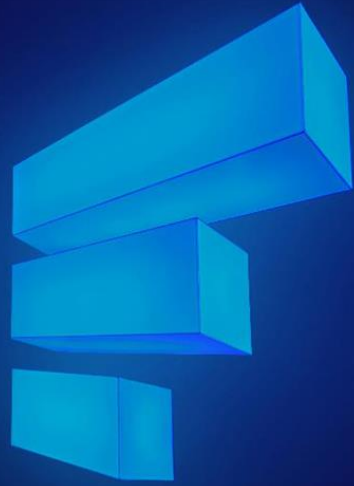
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## **nesto**

Approval subject to high-ratio mortgage default insurance. Other conditions & restrictions apply. Rate in effect as of today. nesto Inc. Mortgage Brokerage: Alberta, Ontario #13044. Mortgage Broker: British Columbia #X300823. Mortgage Brokerage Firm: Quebec 605058



Thank you!