

## DBRS Finalizes Provisional Ratings on Certain Muskoka Series 2019-1 Notes Issued by Manitoulin USD Ltd.

### STRUCTURED CREDIT

DBRS, Inc. (DBRS) finalized the following provisional ratings on the Muskoka Series 2019-1 Class B Guarantee Linked Notes (the Class B Notes), the Muskoka Series 2019-1 Class C Guarantee Linked Notes (the Class C Notes) and the Muskoka Series 2019-1 Class D Guarantee Linked Notes (the Class D Notes; together, with the Class B Notes and Class C Notes, the Notes) issued by Manitoulin USD Ltd. (Manitoulin or the Issuer) referencing the executed Junior Loan Portfolio Financial Guarantee (the Financial Guarantee) dated January 30, 2019, between Manitoulin as Guarantor and the Bank of Montreal (rated AA with a Stable trend by DBRS) as Beneficiary with respect to a portfolio of primarily U.S. and Canadian senior secured and senior unsecured loans:

- Class B Notes at A (sf)
- Class C Notes at BBB (low) (sf)
- Class D Notes at BB (sf)

The ratings on the Notes address the timely payment of interest and ultimate payment of principal on or before the Scheduled Termination Date (as defined in the Financial Guarantee referenced above). The payment of the interest due to the Notes is subject to the Beneficiary's ability to pay the Guarantee Fee Amount (as defined in the Financial Guarantee referenced above).

To assess portfolio credit quality, for each corporate obligor in the portfolio, DBRS relies on DBRS ratings and public ratings from other rating agencies or DBRS may provide a credit estimate, internal assessment or ratings mapping of the Beneficiary's internal ratings model. Credit estimates, internal assessments and ratings mappings are not ratings; rather, they represent an abbreviated analysis, including model-driven or statistical components of default probability for each obligor that is used in assigning a rating to a facility sufficient to assess portfolio credit quality.

On the Effective Date (as defined in the Financial Guarantee referenced above), the Issuer will utilize the proceeds of the issue of the Notes to make a deposit into the Cash Deposit Accounts with the Cash Deposit Bank. DBRS may review the ratings on the Notes in the event of a downgrade of the Cash Deposit Bank below certain thresholds, as defined in the transaction documents.

The ratings reflect the following:

- (1) The Financial Guarantee dated January 30, 2019.
- (2) The integrity of the transaction structure.
- (3) DBRS's assessment of the portfolio quality.
- (4) Adequate credit enhancement to withstand projected collateral loss rates.

DBRS notes that the above press release was amended on April 12, 2019, to remove a non-applicable disclosure. The amendment was minor and would not impact the understanding of the reader.

Notes:

The principal methodologies are Rating CLOs and CDOs of Large Corporate Credit and Mapping Financial Institution Internal Ratings to DBRS Ratings for Global Structured Credit Transactions, which can be found on [dbrs.com](http://dbrs.com) under Methodologies & Criteria.

The rated entity or its related entities did participate in the rating process for this rating action. DBRS had access to the accounts and other relevant internal documents of the rated entity or its related entities in connection with this rating action.

Please see the related appendix for additional information regarding the sensitivity of assumptions used in the rating process.

This rating is endorsed by DBRS Ratings Limited for use in the European Union. The following additional regulatory disclosures apply to endorsed ratings:

Each of the principal asset class methodologies employed in the analysis addressed one or more particular risks or aspects of the rating and were factored into the rating decision. Specifically, for the recovery rate, DBRS applied the senior secured and senior unsecured recovery rates defined in its "Rating CLOs and CDOs of Large Corporate Credit" methodology. DBRS applies different recovery rates depending on the recovery tier and seniority.

DBRS used its CLO Asset Model to determine expected default rates for the portfolio at each rating level. To determine the credit risk of each underlying reference obligation, DBRS relied on either public ratings or a ratings mapping to DBRS ratings of the Bank of Montreal's internal ratings models. The mapping was completed in accordance with DBRS's "Mapping Financial Institution Internal Ratings to DBRS Ratings for Global Structured Credit Transactions" methodology.

This is the first rating action since the Initial Rating Date.

This rating included participation by the rated entity or any related third party. DBRS had access to accounts, management and other relevant internal documents for the rated entity or a related third party.

For further information on DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

Lead Analyst: Joseph Priolo, Senior Vice President, U.S. Structured Credit

Rating Committee Chair: Jerry van Koolbergen, Managing Director, U.S. Structured Credit

Initial Rating Date: January 24, 2019

For more information on this credit or on this industry, visit [www.dbrs.com](http://www.dbrs.com) or contact us at [info@dbrs.com](mailto:info@dbrs.com).

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## Ratings

### Manitoulin USD Ltd., Muskoka 2019-1

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
30-Jan-19	Muskoka Series 2019-1 Class B Guarantee Linked Notes	Provis.- Final	A (sf)	--	<b>US</b> <b>U</b> <b>E</b>
30-Jan-19	Muskoka Series 2019-1 Class C Guarantee Linked Notes	Provis.- Final	BBB (low) (sf)	--	<b>US</b> <b>U</b> <b>E</b>
30-Jan-19	Muskoka Series 2019-1 Class D Guarantee Linked Notes	Provis.- Final	BB (sf)	--	<b>US</b> <b>U</b> <b>E</b>

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