

THE SOLOMON HESS SBA LOAN FUND

Fourth Quarter 2018 Fact Sheet



The SBA Loan Fund is a Community Reinvestment Act (CRA)-eligible open-ended Community Development investment fund. The Fund seeks to provide current income consistent with the returns available in adjustable-rate government guaranteed financial products by investing in Community Development loans guaranteed by the Small Business Administration (SBA). Community Development loans are loans to small businesses located in low- and moderate-income areas or that employ low- and moderate-income persons.

Why Invest?

HIGH, TARGETED CRA-ELIGIBLE IMPACT

Investors are able to identify specific target areas. Investment in the Fund can be counted for either **Community Development Lending Test or Investment Test Credit for CRA**.

“SHOW ME” INSTEAD OF “TRUST ME”

CRA-qualified loans in targeted assessment areas shown to investors **before capital is called**.

HIGH CREDIT QUALITY ASSETS

Primary asset class is **explicitly guaranteed** by the SBA and variable rate. The Fund comprises over 1,000 Community Development loans in 47 states.

CUSTOMIZED REPORTING

Customized impact report detailing jobs and Community Development loans supported by investor capital provided “on demand” basis. Also provided are quarterly reports on the financial performance of the Fund.

PORTFOLIO MANAGERS

Mike Fallon, *Portfolio Manager* | since 2012

INVESTMENT DETAILS *as of December 31, 2018*

Inception Date	December 2004
Assets	\$591 million
Investors	Over 120 nationwide
Min. Investment	\$500,000
Liquidity	Monthly with 30 days' notice
Asset Class	Primarily the federally guaranteed portion of floating-rate SBA 7(a) loans
Preferred Return Q1 2019	3.0% annualized net of all fees and expenses
Management Fee	0.60%
Target Region Fee	0.10%

Fund Impact *as of December 31, 2018*

50,770

Total jobs created/
retained since
inception

3,629

Total small business
loans invested in since
inception

\$1.85B

Total amount invested
since inception

18,288

Total jobs created/
retained in current
portfolio

1,124

Total small business
loans invested in
current portfolio

MANAGING GOOD CAPITAL WELL

Solomon Hess Capital Management (Solomon Hess) is an alternative asset manager specializing in fixed income investing. Our mission is to provide investors with community and economic development-focused investment funds that generate both risk-adjusted returns and positive, quantifiable impact. Founded in 2004 and located in Falls Church, Virginia, Solomon Hess has over \$750 million of assets under management. Solomon Hess is Fund Manager to the SBA Loan Fund. Other investment opportunities with Solomon Hess include investing in our Absolute Return strategy fund. We offer our strategies as funds or separate accounts.

CONTACT

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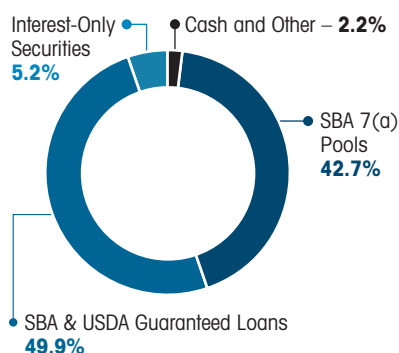
HISTORICAL PREFERRED RETURN

(Annualized and NET of all fees and expenses)

		PREFERRED RETURN CRA-TARGETED	PREFERRED RETURN NON-CRA
2005		3.51%	3.61%
2006		5.31%	5.41%
2007		5.52%	5.62%
2008		3.72%	3.82%
2009		1.81%	1.91%
2010	Q1	2.00%	2.10%
	Q2	2.00%	2.10%
	Q3	2.00%	2.10%
	Q4	2.00%	2.10%
2011	Q1	2.00%	2.10%
	Q2	2.00%	2.10%
	Q3	2.00%	2.10%
	Q4	2.00%	2.10%
2012	Q1	2.00%	2.10%
	Q2	1.75%	1.85%
	Q3	1.75%	1.85%
	Q4	1.75%	1.85%
2013	Q1	1.50%	1.60%
	Q2	1.50%	1.60%
	Q3	1.50%	1.60%
	Q4	1.75%	1.85%
2014	Q1	1.75%	1.85%
	Q2	1.75%	1.85%
	Q3	1.25%	1.35%
	Q4	1.25%	1.35%
2015	Q1	1.25%	1.35%
	Q2	1.25%	1.35%
	Q3	1.25%	1.35%
	Q4	1.25%	1.35%
2016	Q1	1.25%	1.35%
	Q2	1.375%	1.475%
	Q3	1.50%	1.60%
	Q4	1.50%	1.60%
2017	Q1	1.75%	1.85%
	Q2	2.00%	2.10%
	Q3	2.25%	2.35%
	Q4	2.25%	2.35%
2018	Q1	2.35%	2.45%
	Q2	2.50%	2.60%
	Q3	2.65%	2.75%
	Q4	2.75%	2.85%
2019	Q1	3.00%	3.10%

PORTFOLIO COMPOSITION

as of December 31, 2018



PORTFOLIO CHARACTERISTICS

as of December 31, 2018

# Bond Issues	1,739
Average Weighted Coupon	4.93%
Average Maturity (years)	15.42
Effective Duration (years)	0.14
Weighted Average Life (years)	4.4
Average Loan Size	\$423,933

INVESTMENT PROCESS



STEP 1 — INVESTOR COMMITS

Bank commits to invest via execution of a non-binding subscription agreement which details the targeted assessment areas and the committed investment amount.



STEP 3 — BANK REVIEW, APPROVE AND FUND

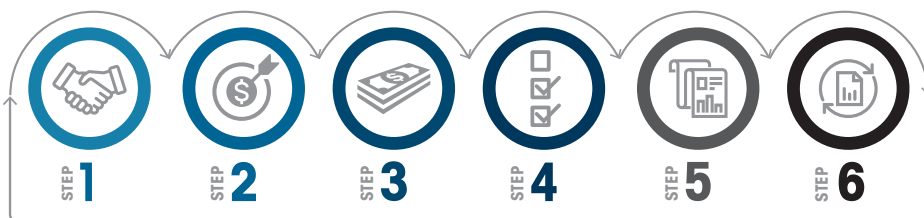
Bank receives information on each loan purchased. Bank approves loans for CRA and only then is required to fund.



STEP 5 — CRA REPORTING

Bank receives reporting on loans allocated, including CRA attributes for each loan and number of jobs created/retained. Fund Manager will provide assistance throughout CRA exam process as needed.

Loan schedule provided annually or quarterly or as requested by investor.



STEP 2 — SBA LOAN SCREEN AND PURCHASE

Fund manager will acquire CRA-eligible SBA 7(a) loans that are in the Bank's assessment areas and meet the Bank's investment criteria.



STEP 4 — CRA ALLOCATED TO INVESTOR

Once funded, Bank becomes a pro-rata shareholder of the portfolio. The Manager earmarks CRA loans to the specific investor. There is no double counting of loan balances at any time.



STEP 6 — CONTINUOUS MONITORING AND LOAN REFRESH

As loan principal amortizes and loans are paid, new loans are acquired to maximize ability to achieve continual deployment of Bank's capital in targeted assessment areas.

The Moody's rating is as of January 9, 2018 and assesses only the credit quality of Solomon Hess SBA Loan Fund LLC, but not other market risks. This rating is subject to change at any time. For more information about Moody's rating methodology used in this rating/analysis please visit www.moody's.com for a copy of this methodology.

The opinions expressed in this fact sheet are those of the Fund Manager. The Fund is only available to "Qualified Purchasers" as defined for the purposes of Section 2(a)(51) of the Investment Company Act of 1940. **The Fund has not been approved by any regulatory agency.** Past Performance is no guarantee of future results and future returns are not guaranteed. While every investor has earned positive CRA consideration from their regulator thus far, this is no guarantee of future results and future exam results are not guaranteed. Prospective investors should consult with their respective regulator and counsel prior to investing.