



2021

IMPACT REPORT

Solomon Hess SBA Loan Fund

YEAR IN REVIEW

Dear Investors,

Thank you for your investment in the **Solomon Hess SBA Loan Fund** (SBA Loan Fund), a Community Development Entity (CDE) that supports small business loans in areas targeted for economic revitalization. 2021 was a year of recovery and renewal and the SBA Loan Fund continued to support investor banks as front line financial responders to provide access to capital to small businesses hardest hit by the realities of COVID-19's lasting impact, particularly those small businesses owned by the underserved and/or located in economically distressed communities.

We are pleased to present the SBA Loan Fund 2021 Impact Report, now in its sixth year, where quantitative metrics and loan profile stories are used to highlight the impact of your investments. Since inception in 2004, the SBA Loan Fund has invested more than \$2.5 billion to fund over 4,600 small business loans that supported the creation and/or retention of almost 60,000 jobs nationwide. This impact holds great personal meaning to us.

Looking forward, we remain committed to serving our investor banks by partnering to promote job creating, retention, and improvement for low- and moderate-income (LMI) persons who are employed by small businesses across America. This small business sector has long played a vital role in the economic development of communities across the country. This role is even more important in this critical time of economic recovery. The SBA Loan Fund is proud to partner with over 125 investor banks to contribute to this key driver of our nation's economy.

With our thanks and best regards,

The Solomon Hess Team



Solomon Hess team (R to L): Isaac Fradin, Michelle Lai, Bill Einstein, Mike Fallon, Catherine Mathew, Salvador Hutira, Mary Tucker and Rich Franchini.

FUND PROFILE

ABOUT SOLOMON HESS SBA LOAN FUND

Fund Mission

To promote permanent job creation, retention, and/or improvement in LMI areas or for LMI persons who are employed by small businesses by creating greater financial liquidity and a lower cost of capital within the SBA 7(a) secondary market.

Investment Asset Class

- Equity: member ownership in a limited liability company

Investment Holdings

- Federally guaranteed portion of US SBA 7(a) loans
- Federally guaranteed portion of US Department of Agriculture (USDA) loans
- SBA 504 loan pools

Target Beneficiaries

- Economically distressed and underserved areas and individuals

Geographic Areas Served

- United States

Certifications

- Community Development Entity, as certified by the Community Development Financial Institutions (CDFI) Fund
- Certified for Impact Management by Aeris Insight
- California Organized Investment Network Qualified Investment Fund



SOLOMON HESS PRINCIPALS



Bill Einstein is a founding partner of Solomon Hess Capital Management and serves as its Chief Financial Officer and Chief Compliance Officer. He is responsible for overseeing the financial controls, compliance and administrative functions of the firm and its funds. He holds a Bachelor of Arts Degree from the College of William & Mary.



Mike Fallon is a partner and Chief Investment Officer at Solomon Hess Capital Management. He is responsible for overseeing the firm's portfolio management, trading, and risk management functions. He holds a Bachelor of Science Degree in Analytical Finance from Wake Forest University and a Master of Business Administration from the University of Virginia's Darden School of Business. Mike served four years as an officer in the United States Marine Corps.

As of December 31, 2021,
the SBA Loan Fund had
\$725 million in assets
and capital from
127 bank investors.

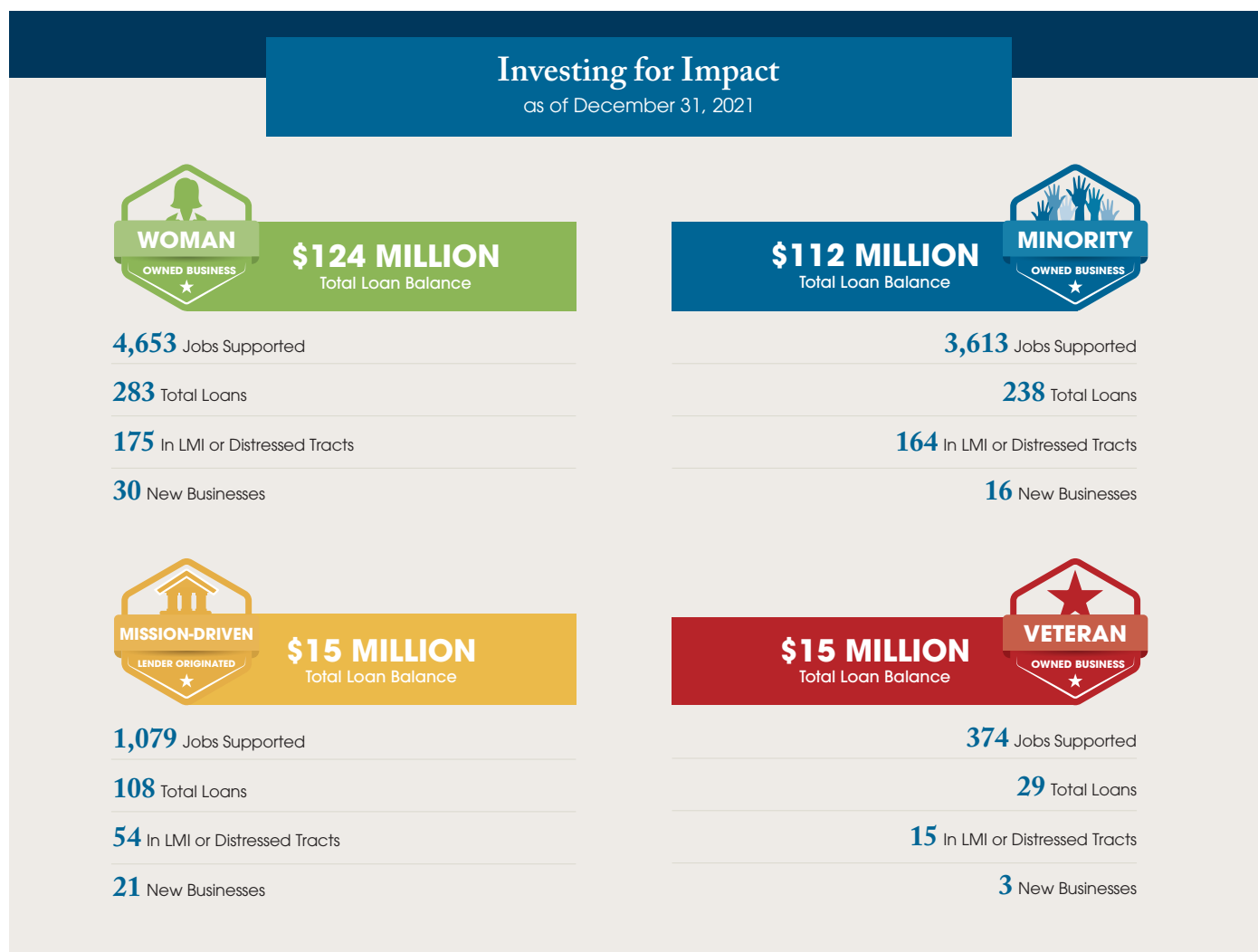


FUND IMPACT

The SBA Loan Fund has been helping clients invest for both return and impact potential, since 2004. For financial institutions pursuing CRA credit, we target capital toward investments that meet CRA requirements, centering around job creation/retention in LMI communities. For other qualified investors, we identify small business loans that align with their impact areas of interest.

INVESTING FOR IMPACT

At the SBA Loan Fund, we are intentional about investing for positive community impact and tracking the results. It has been proven that the underserved segments of the population and low- and moderate-income neighborhoods have been disproportionately impacted by the negative effects of the COVID-19 pandemic in the United States. During the year, we launched the quarterly reporting of new impact metrics dedicated to measuring the SBA Loan Fund's commitment to reaching these underserved communities.

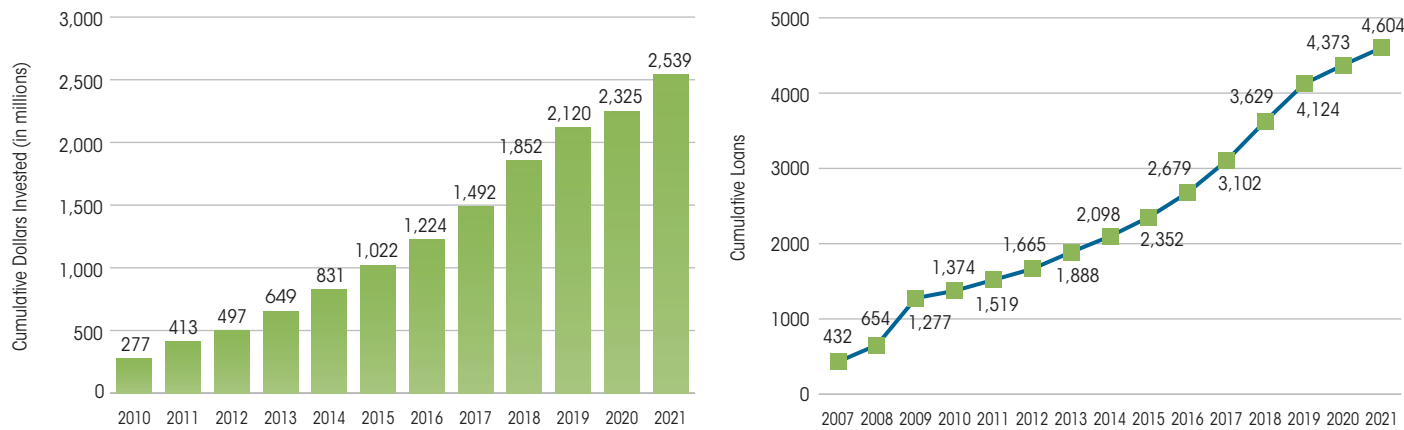


LOAN FUNDING

During 2021, equity and assets under management in the SBA Loan Fund increased by **16%** and **12%**, respectively. This growth meant the Fund was able to invest in over **200 small business loans** this year.

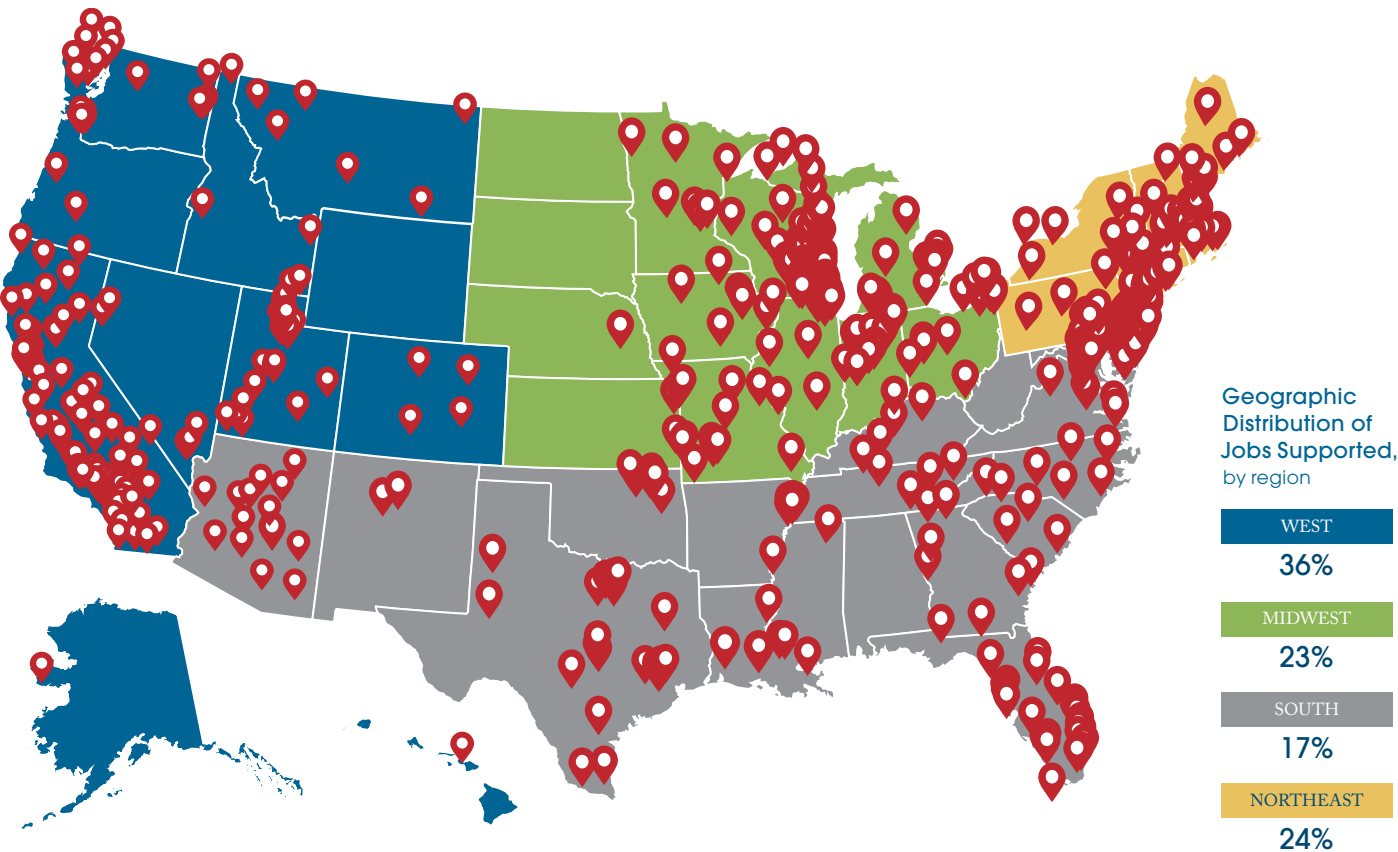
SBA Loan Fund Growth

Dollar Amount of Loan Investments and Number of Loans Funded (cumulative since inception)



GEOGRAPHIC DISTRIBUTION OF LOANS

The Fund primarily invests in small business loans located in LMI or otherwise distressed economic regions across the country.



LOAN PROFILES

The following pages include a sampling of the Solomon Hess SBA Loan Fund portfolio acquisitions and represent the Fund and the impact the loans have on their respective communities.



Read Academy | Sacramento, CA

8 jobs created and/or retained

Tuition-based school for students with special learning needs such as dyslexia, dysgraphia, and dyscalculia.

Read Academy empowers students in grades two to eight to excel in their academic development by providing instructions developed to suit individual learning styles.

Originated by **CDC Small Business Finance Corporation**, a mission-driven lender dedicated to providing capital to small businesses, with a focus on enterprises owned by women, Veterans, and minorities in LMI areas in California, Nevada, and Arizona.

UN Sustainable
Development
Goals



IMPACT

- Woman-owned business
- Located in a Low-income census tract
- Located in a CDFI Fund Qualified Investment tract
- Focused on children's welfare, including education



Jefferson Crest | Milwaukee, Wisconsin

100 jobs created and/or retained

Specialized health care and home health care provider.

Jefferson Crest operates a licensed community-based residential facility that accepts clients who are mentally ill, developmentally disabled, have traumatic brain injuries and the elderly.

IMPACT

African American-owned business

Located in a Low-Income census tract

Located in a CDFI Fund Qualified Investment Census tract

Business is focused on meeting healthcare needs of the community including care for seniors

UN
Sustainable
Development
Goals



Revolving Kitchen | Dallas, TX

4 jobs created and/or retained

Commissary kitchen that provides infrastructure and production space for local food entrepreneurs to start and grow their small businesses.

Established in 2019 by local restaurateurs, Revolving Kitchen offers 25 fully equipped commercial kitchens that can be rented by caterers, food truck operators and ghost kitchens.

IMPACT

Asian American co-owned business

Located in a Low-Income census tract

Located in a CDFI Fund Qualified Investment census tract

UN
Sustainable
Development
Goals





Pigeonly | Clark, Nevada

A communications platform for families and friends to stay in touch with prison inmates.

Pigeonly is a subscription-based communications platform that makes it easy to search, find, and communicate with prison inmates from anywhere in the world.

47 jobs created and/or retained

IMPACT

- African American-owned business
- Veteran-owned business
- Located in a Low-Income census tract
- Located in a CDFI Fund Qualified Investment census tract

UN Sustainable Development Goals



Sir Owlverick's | Orange, CA

Independent artisanal coffee roaster and craft beverage maker that caters to retail and wholesale markets.

Amy Tang established **Sir Owlverick's** in 2014 to provide great tasting coffee to retail and wholesale markets.

5 jobs created and/or retained

IMPACT

- Woman-owned business
- Asian American-owned business
- Located in CDFI Fund Qualified Investment census tract

UN Sustainable Development Goals





B-Natural Kitchen and Bar | New Haven, CT



16 jobs created
and/or retained

IMPACT

African co-owned
and Hispanic co-
owned business

Woman co-
owned business

Located in a CDFI Fund
Qualified Investment
census tract

Supports environmental
sustainability

An independent fast casual restaurant that serves organic meals.

B-Natural Kitchen and Bar serves all-natural foods, drinks, smoothies and salads in downtown New Haven.



Originated by **Community Investment Corporation**, an economic development lending company that offers financing and support to small businesses in Connecticut and Rhode Island.

UN Sustainable
Development
Goals





Red Angel Salon | La Quinta, CA

9 jobs created and/or retained

An environmentally friendly full-service hair salon and blow dry bar.

Red Angel Salon is a certified Green Circle Salon for its comprehensive recycling and sustainable practices with the goal of being a Zero Waste salon.



Originated by **CDC Small Business Finance Corporation**, a mission-driven lender dedicated to providing capital to small businesses, with a focus on enterprises owned by women, Veterans, and minorities in LMI areas in California, Nevada, and Arizona.

UN Sustainable
Development
Goals




IMPACT

Hispanic-owned
business

Woman-owned business

Located in a CDFI
Fund Qualified
Investment tract

Supports environmental
sustainability



The firm was named after Solomon Hess, founding partner Gino Heilizer's grandfather. Mr. Hess owned a small garment factory in Berlin, which provided employment to men and women. The factory was confiscated by the Nazis in 1938, after which Mr. Hess and his daughter, Gino's mother, escaped to Holland, where they spent the war years in hiding. They were able to emigrate to the United States in 1947. Bill and Gino named the company in Mr.

Hess's honor as his entrepreneurial spirit and perseverance are the inspiration behind our drive to support the small business sector.

Gino Heilizer, founding partner of Solomon Hess Capital Management, died from complications of lung cancer on April 19, 2019.

THANK YOU.

Your investment and partnership make it possible for the Solomon Hess SBA Loan Fund to provide the capital that supports small businesses located in underserved communities throughout America.



SOLOMON HESS CAPITAL MANAGEMENT is an alternative asset manager specializing in fixed-income investing. Founded in 2004, Solomon Hess has \$824 million in assets under management (as of 12/31/21). The firm's mission is to provide investors with community and economic development-focused investment solutions that generate both competitive, risk-adjusted returns and positive, quantifiable community impact. Solomon Hess serves accredited individuals and institutional investors, including banking institutions seeking to satisfy Community Development Investment or Lending requirements within the Community Reinvestment Act rules. The firm manages two distinct strategies within the community development asset class: a community development impact strategy and an absolute return strategy. These strategies are available as funds or separate accounts.

Learn more about the Solomon Hess SBA Loan Fund or our other investment opportunities by contacting Investor Services at (703) 466-0483 or by visiting us online at www.SolomonHess.com.

This communication is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any investments offered by Solomon Hess, nor shall any such investments be offered or sold to any person in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

The loans discussed in this communication are current holdings of the Solomon Hess SBA Loan Fund. The loans we have highlighted may not be the highest performing loans in the Fund, but a sampling of small business loans with an impact story. The loans mentioned do not necessarily represent all of the loans held in the Fund and the reader should not assume that the loans identified and discussed were or will be profitable. A complete list of holdings for the Fund can be provided by contacting Solomon Hess Capital Management.

The Solomon Hess SBA Loan Fund LLC attempts to provide its investors with CRA credit related to their participation in the Fund. Investment decisions are not always exclusively based on the economic characteristics or investment merit of a specific asset. Certain CRA eligible securities sought by the Fund in specific geographies may not provide as great an economic benefit to the Fund as the same securities located in non-CRA geographies. The Fund may engage in transactions at times for reasons related to CRA considerations that may not be desirable from an investment standpoint. If one or multiple federal banking regulators, such as the OCC, FDIC or the Federal Reserve Board, were to deem an investment in the Fund as not qualifying for CRA credit, the impact to Fund investors could be material. The SBA Loan Fund is only for qualified institutional buyers or accredited investors.

SOLOMON HESS CAPITAL MANAGEMENT

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