SFG
INCOME FUNDS

NEWS OF INTEREST

SFG FAMILY OF FUNDS SUMMER 2015

FUND UPDATE

SFG INVESTORS POSITIONED FOR RISING INCOME

HIGHLY PRODUCTIVE, HEALTHY PORTFOLIO SUPPORTS INTENDED OBJECTIVES

After all the analytics and analysis, how investors feel about their investment is paramount to a positive investing experience. For this reason, SFG Fund Managers are not just committed to executing a sound investment strategy, protecting investor capital while delivering attractive risk adjusted returns, but to also avail logical reasons why our investors should feel good about their SFG investment. In other words, one of the benefits of prudent investing is the feeling one derives from knowing it is so. There are many reasons that logically justify confidence and comfort about your SFG investment and the ensuing results from our disciplined investment strategy. Let's take a look at just a few.

Higher Payouts Ahead – Your Income is Going Up Significantly

As we continue to make steady gains on the fund's balance sheet, it's no secret that SFG Income Fund VI investors are on the verge of higher interest payouts. When the fund hits its well-documented target numbers, expected sometime this year, investors will see a sizable improvement in their income distribution, all backed by a healthy, productive, well-diversified portfolio of first position mortgages. Not a bad place to be in today's rather volatile investment landscape.

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SFG Income Fund Managers John Odegard (above) and Greg Elderkin (below).

For over 27 years, SFG Investment products have stood for excellence; a time tested, asset backed investment that provides stability and predictability to a broad range of portfolios. We are mindful of this tradition and it will continue.

HEALTHY PORTFOLIO

1 Terrific Locations – Terrific Properties – Sound Underwriting

When it comes to real estate, most people understand the importance of location. For SFG Fund Managers, it is the first element we consider when presented with a loan opportunity. The SFG portfolio is replete with properties in outstanding locations, securing our investments. Additionally, all SFG loans are structured with location-reflected loan to value ratios. Specifically, when we approve a loan in a peripheral location, the securing property must be relevant to its market and the loan to value ratio adjusted downward to reflect market sensitivity and to enhance investment protection.

2 Attractive Loan to Values – Your Investment is Well Secured

We at SFG adhere to the belief that regardless of what happens to any particular borrower, well-underwritten collateral is the best protection for investor capital during an economic downturn. The current SFG Income Fund VI loan portfolio is positioned with an average Loan-to-Value Ratio just below 60%. That means we average a 40% equity cushion to protect investor capital. Today however, we have refined our strategies further with a measurable upgrade in borrower quality, adding an additional layer of portfolio resilience.

3 Exceptional Borrower Quality – Predictable Performance

Over the years we have worked to capture ***sound borrowers***. However, our first priority is capturing ***highly-marketable securing properties*** that meet our strict collateral underwriting. As the real estate market began to over-heat with excessively liberal lenders during 2003-2007, it was difficult to find both consistently. Today, with our strengthened lending platform, we find both strong credit and collateral with the super majority of our loans. As an example, the average FICO (credit score) of borrowers in our portfolio in 2005 was about 590, typical of an equity based lender. Today the average FICO in our portfolio is 701. This score is excellent (bank quality) and exceptional for an equity-based lending portfolio. Since these borrowers characteristically pay on time, our late fee income is down from historical norms, but the portfolio performance has enhanced predictability.

4 Historically Low Non-Performing Asset Percentage – Reflective of Portfolio Health

SFG Income Fund VI's non-performing loan asset percentage continues to hover in the low to mid-single digits, reflecting an extremely healthy portfolio. Less than 1% of our loans originated in the last six years have gone into foreclosure. None have produced a loss. None are anticipated to.

5 Diversified Economies – Balanced Portfolio

One of the benefits of Seattle Funding Group's strong brand recognition is our ability to capture some of the best loan opportunities, not only in the Seattle marketplace but across the west coast. As a result, we diversify our portfolio across a variety of economies that we know well, and have realistic expectations of the business any one market can deliver. Our strong market presence gives us the luxury of choices and choices are conducive to a healthy portfolio.

6 Loan Volume Strong – Capital Staying Wisely Employed with a Continuous Stream of New Loans

Another key refinement of our fund management strategies is the short-term nature of our loans. Today our loans are typically written for one to two years, where in previous decades our loan maturities were typically between three and seven. We began the practice of shorter term loans for three important reasons.

a. During the Great Recession it allowed us to keep a closer eye on the borrowers and their exit strategy,

b. The shorter terms kept our portfolio liquid during a time when liquidity was of premium importance, and

c. Mitigation of interest rate risk. Since interest rates are historically low, the portfolio is positioned to re-adjust loan pricing as soon as the market allows. We will continue the practice of shorter term loans going forward.

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SFG INCOME FUND VI

QUARTERLY REPORT

THRU JUNE 30, 2015

Fund Overview

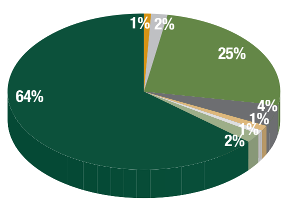
Mortgage Loan Portfolio – Net	$77,075,762.99
Total Cash	$4,826,704.02
Real Estate Held for Investment/Sale	$1,953,060.40
Real Estate Equity Investments	$1,882,085.97
Other Assets	$701,615.88
Total Fund Assets	**$86,439,229.26**
Number of Loans	108
Average Loan Outstanding	$721,225.84
Average Loan to Value Ratio	57.09%
Performing Asset Percentage	95.79%
Total Investor Capital	$85,469,598.07
Fund VI Inception Date	2001

SFG INCOME FUND VI

PORTFOLIO DIVERSIFICATION

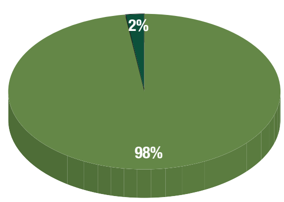
THRU JUNE 30, 2015

ACTIVE LOANS BY STATE



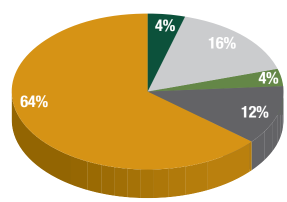
Alaska	1%
Arizona	2%
California	25%
Hawaii	4%
Oregon	1%
Texas	1%
Utah	2%
Washington	64%

ACTIVE LOANS BY PERFORMANCE



Performing	98%
NonPerforming	2%

ACTIVE LOANS BY PROPERTY TYPE



Apartments	4%
Commercial	16%
Land	4%
Buildable Lots	12%
SFR	64%

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Summary

It is well-documented that the decisions investors make during difficult times are one of the largest contributors to their investment results. Your decision to remain calm and stay with us through the most difficult real estate market in recent history has proven to be very wise and rewarding. Not only has your capital been restored and strengthened with positive returns along the way, you are now positioned for higher yields ahead, backed by a time-tested, highly productive first priority mortgage portfolio. Coupled with your extended maturities, your SFG investment is situated for strong returns well into the future. Thank you for your confidence in us throughout many years; some investors have even been with us for decades. Together we safely navigated a variety of market conditions and fluctuating economies. We hope you feel as good as we do about what the future holds for your SFG investment. SFG

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SUCCESS STORY

$1,750,000 **LTV 60.34%**
Lake City Way, Seattle

$1,800,000 **LTV 67.28%**
University Village, Seattle

$1,950,000 **LTV 55.71%**
Bellingham, WA

Three separate high quality retail centers in strong locations. Each center has a mix of local and national tenants including T-Mobile, Subway, and Pizza Hut. Two centers are located in Seattle, one in University Village and the other on Lake City Way, the third site is in Bellingham between the freeway and Western Washington University. All are spectacularly located with high traffic counts and lease rates at or near the top of their respective markets. The borrower needed bridge financing as they absolutely had to close by month end. They were coming out of a CMBS loan with severe penalties if the refinance wasn't in place. SFG was able to meet their deadline without sacrificing on underwriting that included environmental review, formal appraisals and site inspections.

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