

NEWS OF INTEREST

YEAR END 2018

LOOKING FORWARD TO 2019!

RECORD LOAN VOLUME & DISCIPLINED
LENDING PRACTICES SUPPORT SFG'S
LONG STANDING INVESTMENT MODEL.

As we say goodbye to 2018, we must tip our hat to the many benchmarks achieved over the last twelve months. Of our many successes, record loan volume is the most conspicuous.

From January 2018-December 2018, Seattle Funding Group posted its highest loan volume on record and a 28% increase over 2017. Although we don't measure a successful year strictly by loan volume (quality always comes first), a healthy growing loan volume provides choices, and a plethora of choices is fundamental to optimal portfolio performance. Not only does SFG's high loan volume allow us to select the best lending opportunities the industry has to offer, it also provides for expeditious cash employment of loan payoffs and new investor capital.

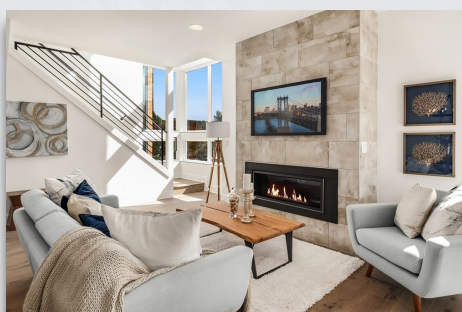
So yes, loan volume matters.



Take a look at the “Deal Gallery” on our SFG Income Fund website (<https://www.seattlefundinggroup.com/deal-gallery/>). As you scroll down, you’ll see a nice visual of the types of loans protecting your capital while producing such attractive returns.



\$3,475,000
Coastal Home Refinance
Laguna Beach, CA
LTV: 63%



\$5,400,000
Construction of 12 Well Appointed Townhomes
Kirkland, WA
LTV: 54%



\$7,500,000
24-Unit Mixed Use Construction Project
So. San Francisco, CA
LTV: 40%

Notice the locations, the desirability, and strong equity cushions guarding your investment.



\$2,400,000
Well Located Apartment Community
Phoenix, AZ
LTV: 60%



\$3,050,000
Luxury Residential Construction
Lahaina, HI
LTV: 67%



\$1,440,000
Eight Unit Apartment Complex
San Diego, CA
LTV: 65%

*Sample transactions of properties that are currently in or have recently been a part of the SFG Income Funds portfolio.

Security like this is a good feeling, and an essential part of what makes SFG Income Funds a “best in class” mortgage investment fund.

There are four major reasons SFG’s portfolio construct leads its peers – marketing strategies, name recognition (30 years in the industry,) an elite staff of seasoned experts, and....discipline. One could write several paragraphs on each of these contributing elements because all

are essential to SFG’s proven recipe of success. But amongst everything else, we have found that discipline – the discipline to make fundamentally sound investment decisions, based on logic and experience, undeterred from the lure of potential profits – is the dominant reason for SFG’s success. In other words, desire for profit must take a back seat to desire for safety. Quality first, profit second – always. *It's just the SFG way.*

MARKET DIVERSIFICATION AND GROWING BRAND RECOGNITION CONTRIBUTE TO SOUND PORTFOLIO PERFORMANCE.

With offices in Bellevue Washington, Scottsdale Arizona, and Solana Beach California, SFG operates from a solid platform for optimal portfolio performance.

We have always believed having an intimate knowledge of the real estate market we serve is imperative to sustainable, optimal portfolio performance. Having

takes time and money. But we see it as an investment in our future and yours – a commitment to excellence that perpetuates our “best in class” performance.



FROM LEFT:
Denise Tallman
John Odegard
Kent Rowe

deep-rooted relationships with highly skilled mortgage, legal, and real estate professionals in our core lending markets allows us to serve attractive borrowers most efficiently while capturing the very best transactions for our portfolio. Setting up offices with top tier staff in our premier lending markets



FROM LEFT:
Reid Wagner
Rebecca Dattilo

So many of our peers purport to lend “in all 50 states,” but they only have one office, in one city, with just a few employees. How well do they really know their markets? This is akin to playing only offense (shooting for



huge loan volume) with very little “down market” defense (portfolio scattered across the country). We don’t think lending in all 50 states with one office is a sustainable business model that can weather



FROM LEFT:
Ron Lorentsen
Kent Rowe

varying market cycles. At SFG we continue to make the investments necessary to best protect your capital, as we expand our brand recognition in the circumscribed markets we serve. **SFG does it right.**

SFG 2018 YIELDS: Consistent and Productive.

It has never been our chief aim to continually be the highest yielding investment in a portfolio. Our chief aim is to be a synergistic, stabilizing balance to the inevitable volatility of longer-term growth investments such as the stock market. Yet last year, as has been the case numerous times in our history, we out returned the stock market as well!

As the equity markets ended 2018 with a tumultuous 4th quarter, SFG trotted along with another consistent, healthy year, adding

desperately needed positive returns to yield-thirsty investor portfolios. In fact, SFG Income Funds average returns for 2018 were over 50% higher than the S&P 500!

Ok, enough said. We know our role as the “Portfolio Stabilizer.” But hey, some years we may even win the scoring trophy too, because we will always be in the running.

**SFG'S
CONSISTENT
RETURNS FOR
2018 HELPS
QUENCH YIELD
THIRSTY INVESTOR
PORTFOLIOS**

EXCITED FOR 2019!

With so many pieces of the puzzle in place – SFG branch offices manned by high-level teams in our major lending markets, growing brand recognition throughout the West Coast, and deep investor relationships built over decades – it’s hard not to get excited about the possibilities for 2019. Soothsayers might espouse that 2019 could be a slow growth, volatile year for the equity markets. But our investment strategies are engineered to fly under potential market turbulence and continue to deliver to investors what they have sought from their SFG investment for three decades – stable, productive returns in varying market conditions while keeping capital preservation the primary objective. That quest has been our daily mission for over 30 years. [Cheers to the New Year!](#) ■

WELCOME TO THE TEAM!

MARK MONRO

DIRECTOR OF
STRATEGIC
MARKETS



Mark joined SFG in 2018 after a very successful 30-year banking career. Mark will be leveraging his strategic relationships with various banks across the west coast, creating a sound referral source for new loan opportunities. We are extremely proud to have Mark join our team.



Your investment representative is likely in an elite class. Here is why...

- They offer an investment that is [good for your portfolio](#) even though we offer no large up-front commission to the representative.
- They know quality investments without large up-front commissions build lasting relationships that serve all involved, for years into the future.
- They are likely an “investor first” investment rep.

Only the best investment representatives consistently put their client's interests ahead of their own. They typically build large books of business and establish a clientele who stay with them for years, even decades.

As we meet and work with Registered Investment Advisors (RIA's) and Broker/Dealers across the country, we can always tell the truly great ones from the “what's in it for me?” firms. The commission-driven firms and individuals are usually not obvious about their motives, but their interest wanes once they realize a “relationship-building,” “good-for-the-investor” investment doesn't offer a large upfront commission. However, we believe, as do most elite investment representatives, a large up-front commission not only reduces initial investment value and hinders

investment liquidity, but also rarely is in economic alignment with the investor.

Topflight investment advisors take a holistic portfolio approach to be certain an investment is right for the client. They typically ask questions like: How does the proposed investment fit with my client's total portfolio construction? Can my investors get out of the investment if it is not performing or if their financial circumstances change? Is it within the risk tolerance of my investor? Does the investment have a track record of performance in varying market conditions? Is the return commensurate with the risk? Does my investor fully understand the investment and feel comfortable? These are all good “investor first” questions designed with a service mindset, unclouded by the economic pull of a large

pending commission. SFG is an investment that doesn't fit for the commission driven consultant but is attractive to the sophisticated investor and elite investment advisor. Synergistically, it is not surprising to those in the know that SFG investors and their investment representative stay with SFG for decades. And if your advisor is one of them, they have put you first and are likely in the realm of the very best in the industry.

**SFG INCOME FUND:
AN INVESTMENT
OFFERING
DESIGNED FOR
THE ACCREDITED
INVESTOR AND THE
ELITE INVESTMENT
ADVISOR.**

THE SFG UNDERWRITERS



RODD WAGNER
SFG OF ARIZONA
SR. UNDERWRITER

With SFG Since 2016



CHUCK SALAS
SFG OF CALIFORNIA
SR. UNDERWRITER

With SFG Since 2007



KENT ROWE
VICE PRESIDENT &
SR. UNDERWRITER

With SFG Since 1998



RON LORENTSEN
SENIOR
UNDERWRITER

With SFG since 2000



WELCOME TO THE TEAM!

DOUG ESTEVES | SR. LOAN OFFICER - NORTHERN CALIFORNIA

As a 2018 hire, Doug has over 25 years of experience as a real estate investor and financier. Doug has extensive investment evaluation, underwriting and due diligence expertise. He will be responsible for the sourcing and evaluation of lending opportunities in San Francisco, The Bay Area and other parts of Northern California.



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