

What is Marshall Reddick Mortgage Fund?

It's a **Regulation D, 506(c)** Private Investment Fund managed by Marshall Reddick. Marshall Reddick raises capital for the Fund by issuing restricted, non-salable securities to **Accredited Investors**. The capital raised is invested, and in return, the investors receive a quarterly return on their investment. There are no **load or investment fees**.

It's an open-ended Fund with no specific end to the capital raise and will operate in perpetuity. Investors can contribute and withdraw capital from the Fund as needed. The investment is not as liquid as the stock market, but it's more liquid than directly owned real estate or mortgages.

It's designed to be safe and to produce consistent income. It won't produce huge upside, nor experience huge downside like a **Private Equity Fund** making more risky equity investments. Investors can expect a healthy annual return of around 8.500% (2.125% quarterly).

What will the Fund Invest In?

The Fund will be investing in low risk, solid loan-to-value, 1st lien mortgages underwritten internally by Marshall Reddick. These are the same short and long-term mortgages that have been available on the Marshall Reddick **Mortgage Marketplace** for years. It won't invest in large commercial value-add properties, start-up companies, or other speculative business ventures.

Why the Fund is a Safer and More Passive Option

The Fund gives investors an alternate option to the direct, one-investor-to-one-mortgage, model Marshall Reddick has offered for years. While there are pros and cons to both options, the annual return is the same however the Fund is the more diversified, more passive option. It's more diversified because capital invested in the Fund is spread across a large portfolio with any individual mortgage defaults handled by management. It's more passive because capital invested in the Fund is always earning with no down-time experienced between individual mortgage investments and no competition to reinvest.

How does the Fund Operate?

It lends money securely to others, mortgaged against non-owner occupied real property. In exchange for each mortgage, the Fund earns loan fees and interest. The vast majority of the mortgages perform perfectly.

How does the Fund Operate? *(continued)*

Those few which do not, go into foreclosure, and if necessary, the real property is seized/sold in order repay the loan, all handled by management.

From the loan fees and interest earned, the Fund pays its expenses first, pays its investors second and pays its manager (Marshall Reddick) third. It has no employees and thus has few expenses to pay. The most considerable expense is the management fee paid to Marshall Reddick which is 2.000% per annum (0.167% collected monthly). The management fee is not a profit center but rather a pass-through used to pay its share of Marshall Reddick overhead, including the employees of Marshall Reddick who manage all Fund affairs.

After all expenses paid, including the management fee, the Fund will pay the investors a preferred return of 6.000% annually (1.500% quarterly). After the preferred return, it will pay the investors 50% of the remaining profits. After the investors receive their preferred return and share of the profits, it will pay Marshall Reddick the other 50% of the profits. This profit split is a profit center, and thus Marshall Reddick has an incentive to produce profits.

To illustrate, let's assume the Fund earns an 11.000% annual return net of expenses. From this 11.000%, the investors receive the 6.000% preferred return, which leaves 5.000% remaining. From this 5.000%, the investors receive 2.500%, and Marshall Reddick receives 2.500%. Thus, when the Fund earns an 11.000% annual return, the investors receive 8.5000%. To further illustrate, let's assume you invest \$100,000. Based on the preferred return and profit share, on average, you can expect to receive \$2,125 per quarter, or \$8,500 per year.

Where Can I See the Details of My Investment in the Fund?

Each investor has special access to an **Investment Fund Portal**. It's on this portal where the investor can see their contributions and distributions, quarterly and annual statements. You can also contribute more capital or withdraw capital, download investment documentation and year-end K-1 tax forms, and update personal information such as telephone, email, banking, and distribution preferences.

New potential investors can **Gain access** to the portal before investing and while conducting due diligence. With access, each potential investor can download and review investment documentation, upload accreditation documentation and watch the latest presentation given by Fund Manager, Patrick Prunty.