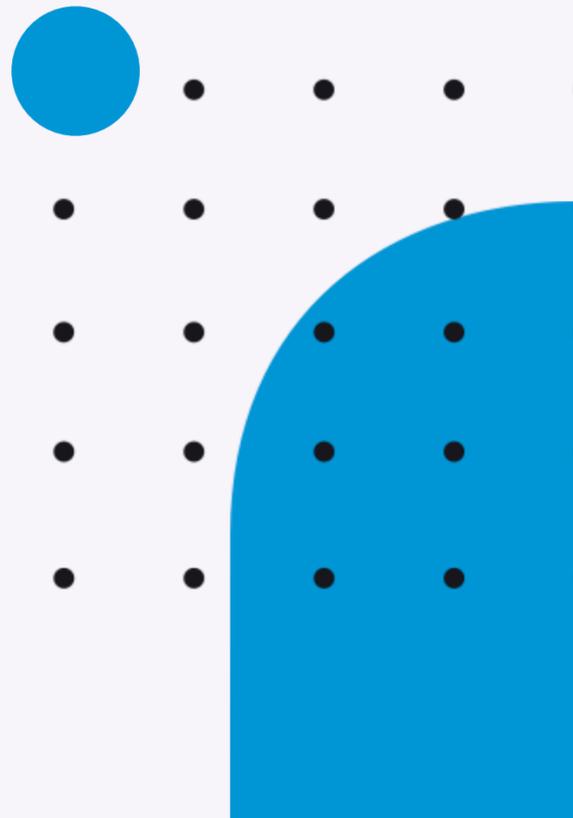


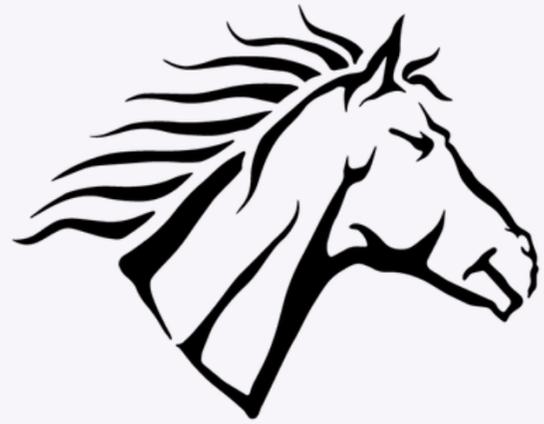
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# Finding Stability in a Volatile Market



By: Stallion Capital Management

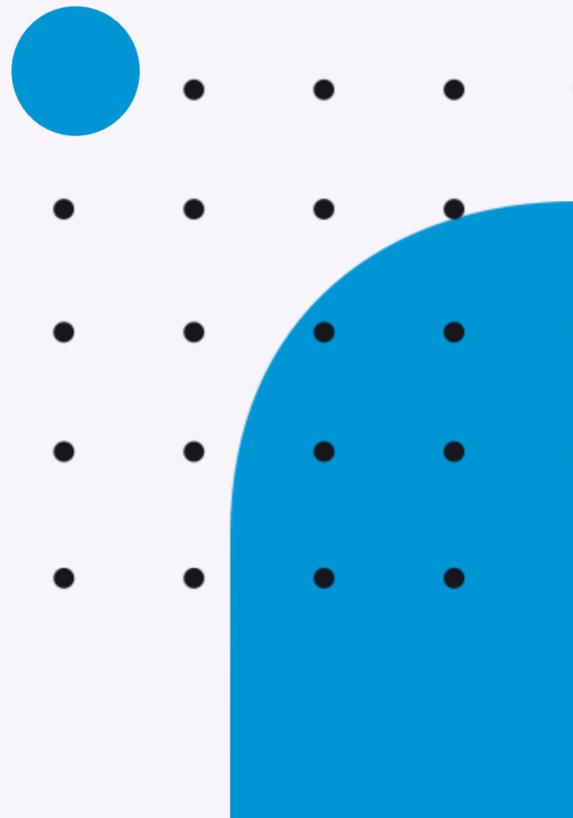


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# Agenda:

- **Current Market Environment**
- **Real Estate Debt Funds for Stability**
- **Texas Real Estate Market**
- **Investment Considerations**
- **Q & A**



By: Stallion Capital Management



# Current Investment Environment

## **Low Interest Rates**

Years of historically low interest rates

## **Inflation**

May or may not be transitory

## **Volatility**

High volatility in equity markets

## **Capital Preservation**

Retirees are seeking higher yields while protecting principal

## **Search for Consistency**

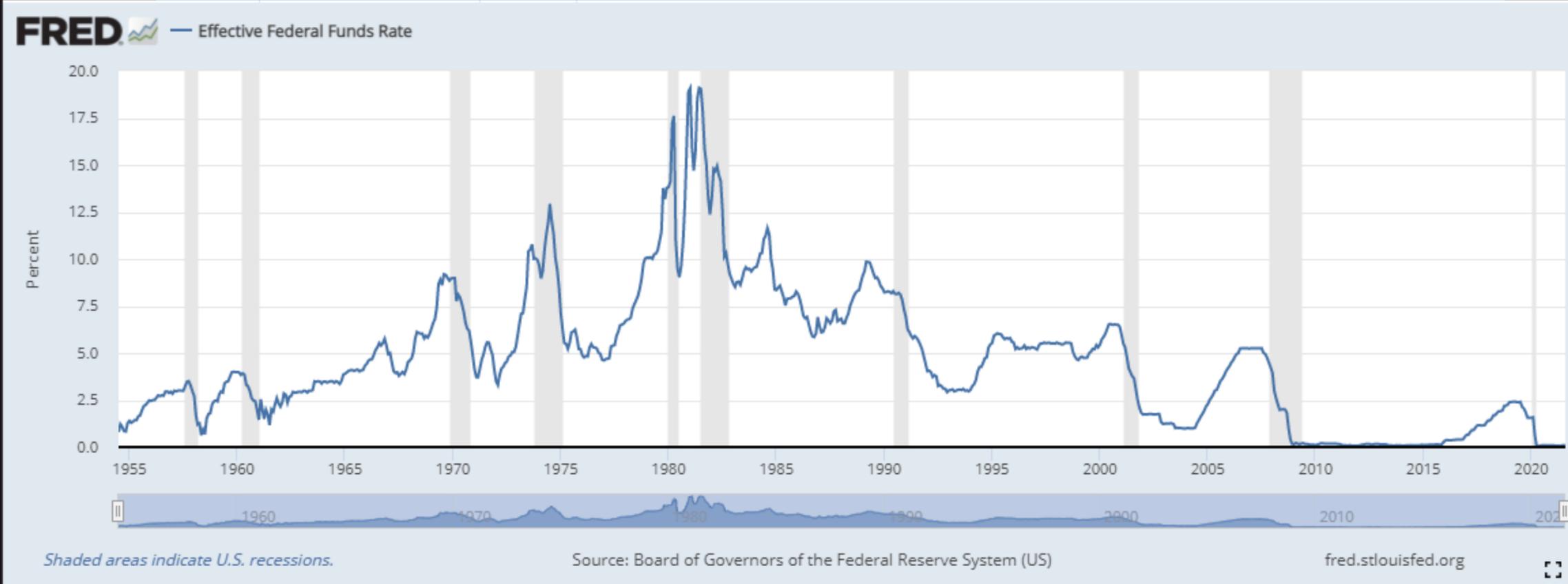
Fear of equity market correction, especially retirees



# Almost 20 years of low rates



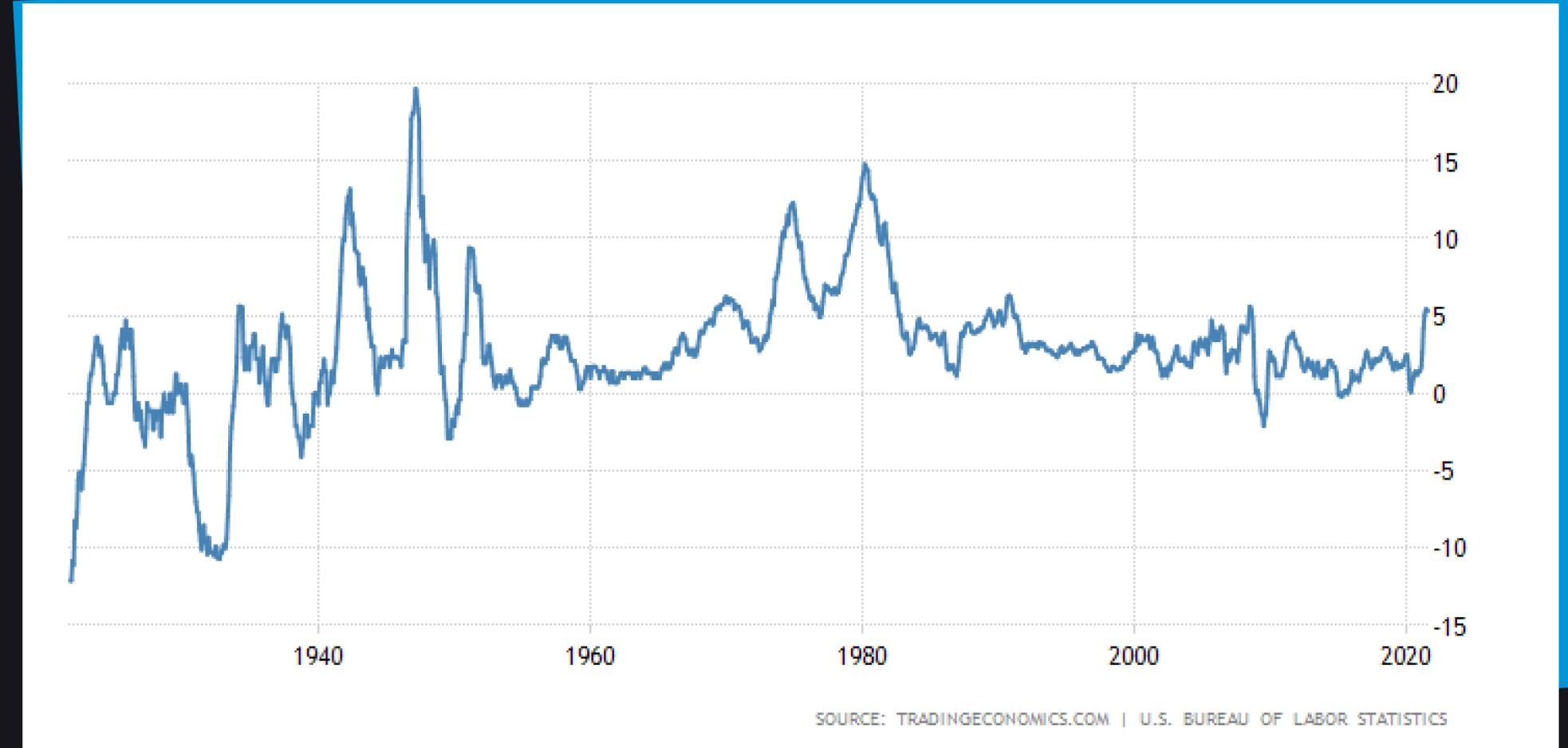
# Low Rates



# Inflation



# United States Inflation Rate

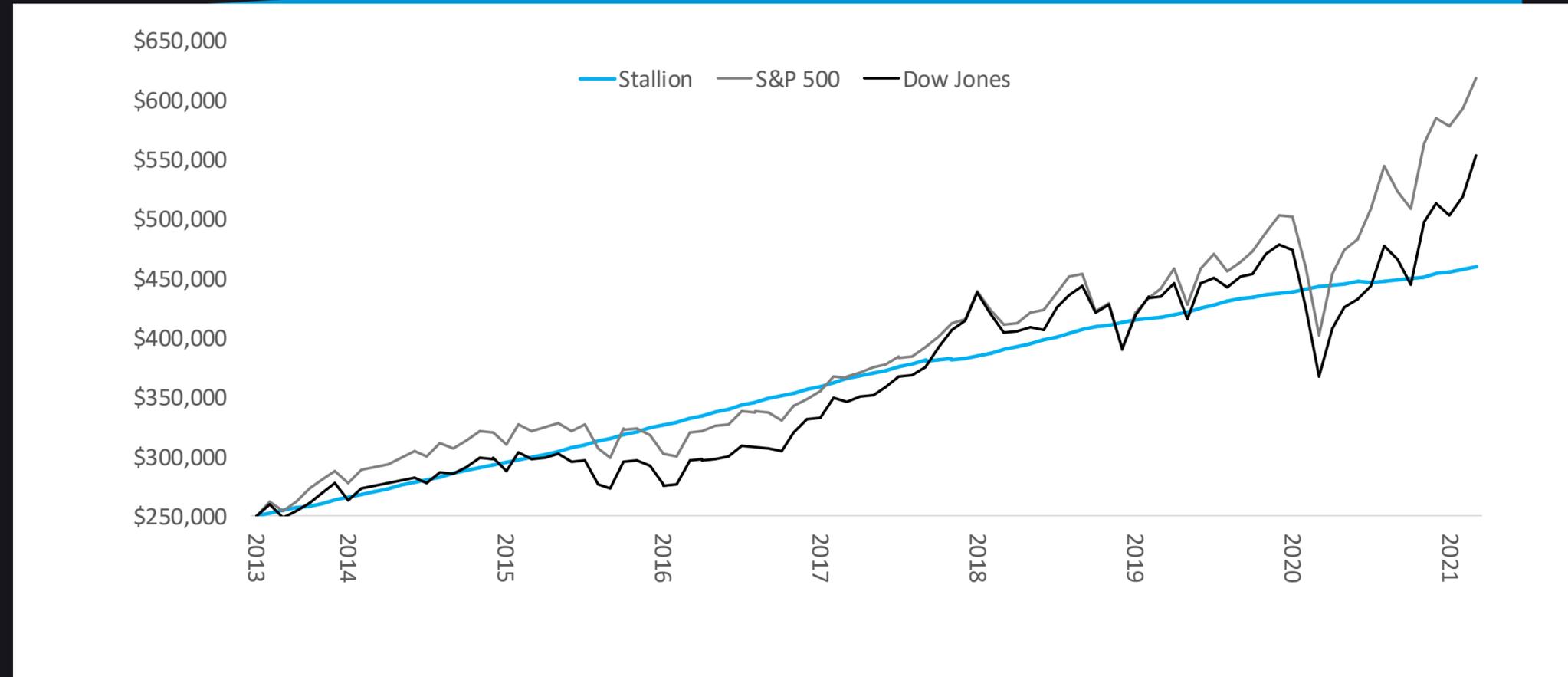


# Historical Return Comparisons

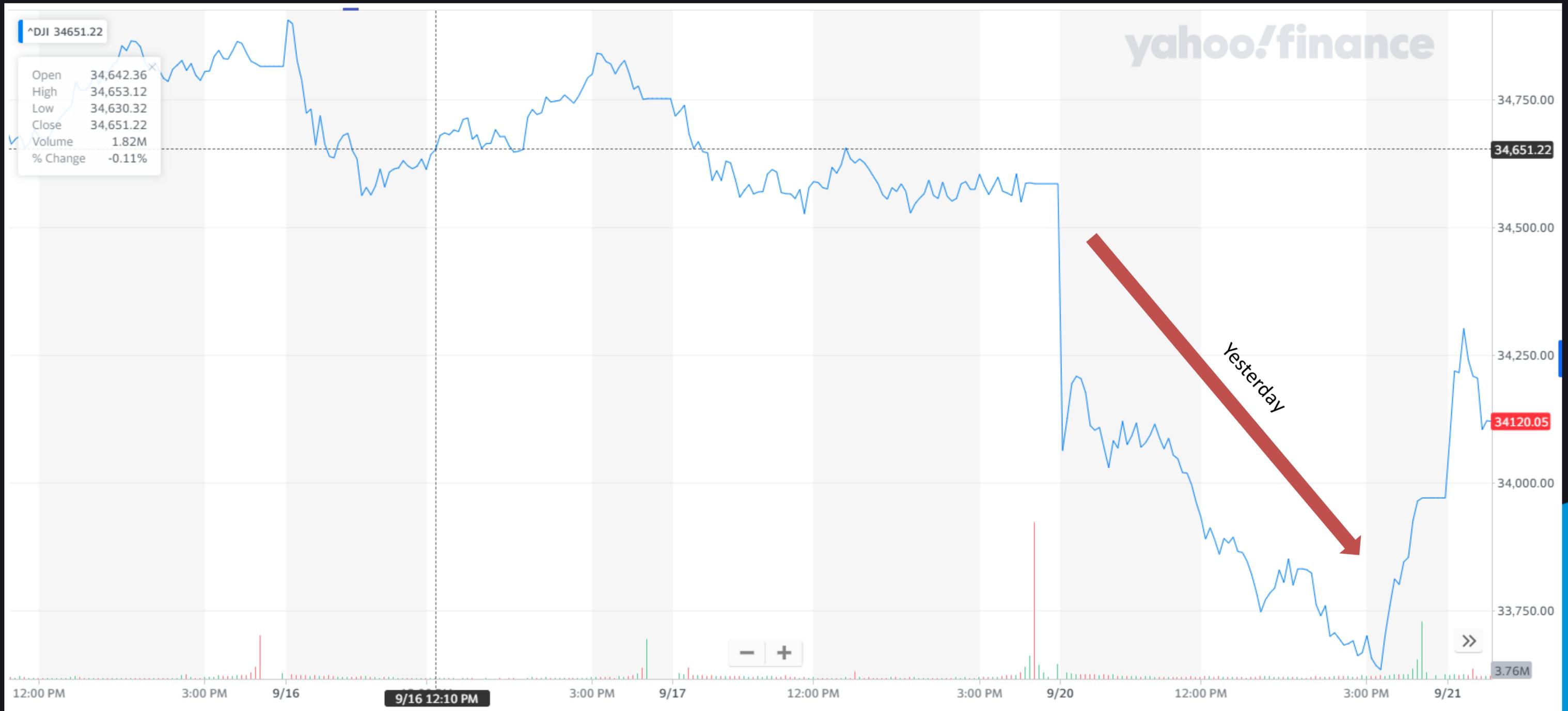
Based on \$250K investment  
at Fund inception



## Volatility?



# DJI - 5day





# **Real Estate Debt Funds as a stable alternative**



# Real Estate Debt Funds

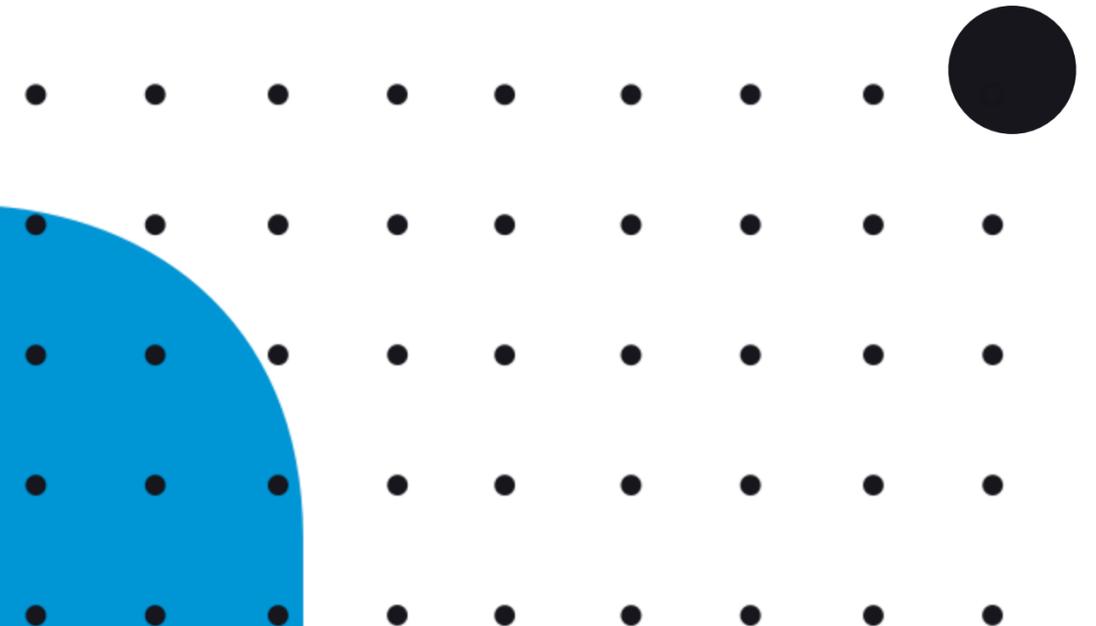
Real estate debt funds help connect borrowers (builders and developers) with short-term capital for residential and commercial real estate investment property types.

- Generates income through interest on loaned capital.
  - If default occurs, obtains title to collateral of underlying loan.

## Who borrows?

- Real estate developers, investors, entrepreneurs, and builders.
  - Needing a quick close with a short investment window
  - Previous credit issues that inhibit traditional financing options.

Many real estate investors understand that while Hard Money Loans are more expensive than traditional financing, they often serve a purpose to unlock investment opportunity with debt instead of diluting earnings with equity participation.



# Benefits of Real Estate Debt



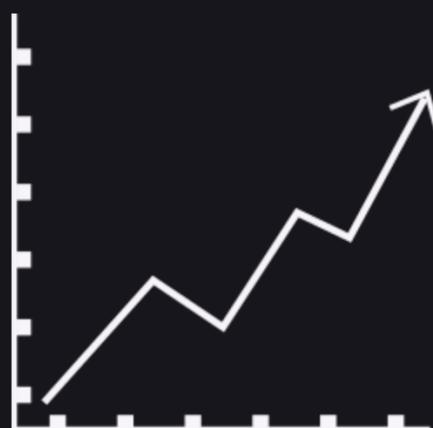
Real estate based alternative investments have low correlation to market volatility, offer risk-balanced returns, and are a way to diversify a portfolio of conventional equity and fixed income investments.

- Non-Correlated to Stock Market
- Capital Protection
- Hard Asset Backed
- Steady Cash Flow
- Generally outperforms inflation
- Low to moderate risk
- Reduces volatility in the overall portfolio



# Investment Objective

The Stallion Family of Fund's investment strategy is to offer an alternative income investment vehicles that aims to preserve invested capital and generate an attractive stream of income.



## Consistent Yield

7-8% targeted annualized return



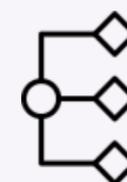
## Capital Preservation

1st lien loans on TX-based real estate



## Income Producing

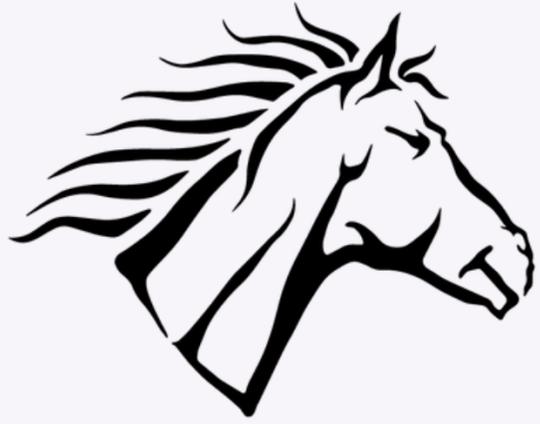
Quarterly cash flow to investors or re-invest in the Fund



## Diversification

Portfolio of multiple loans

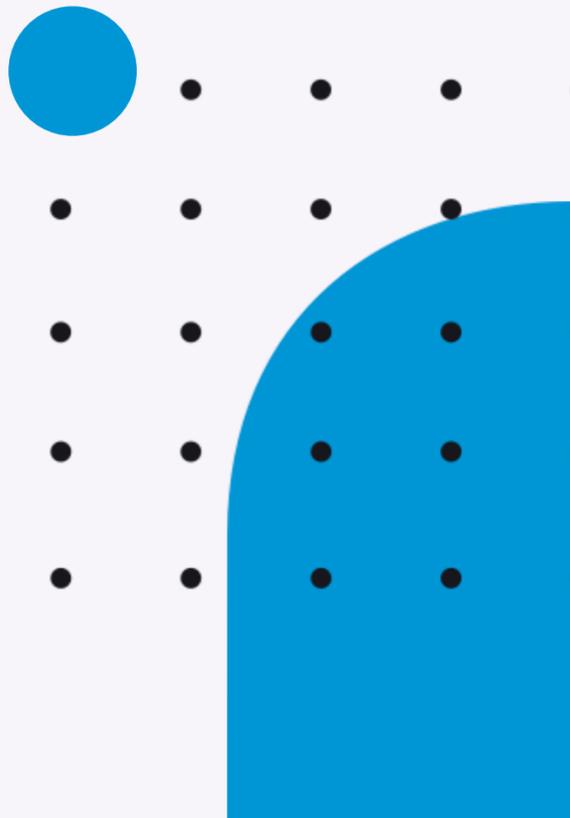




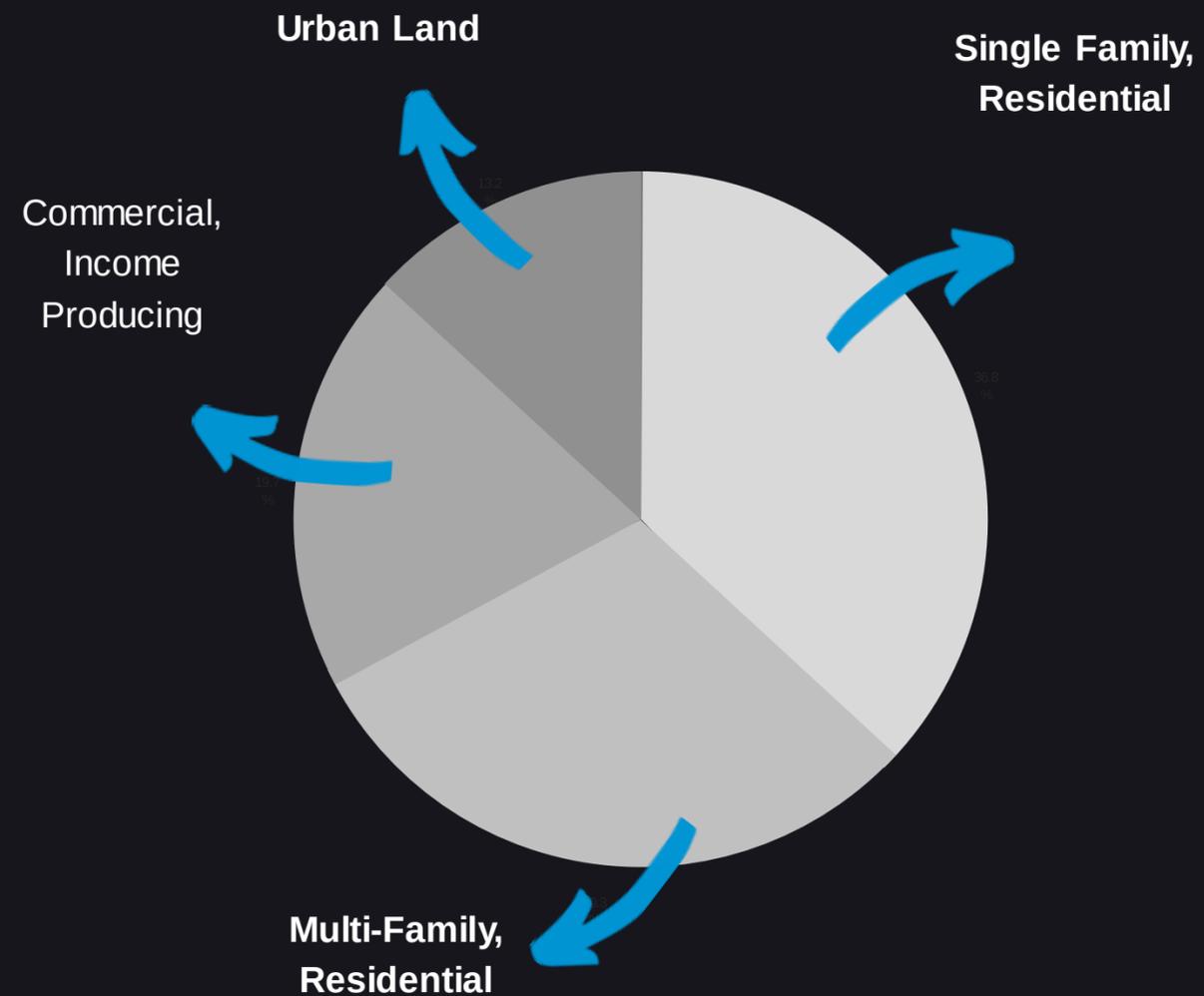
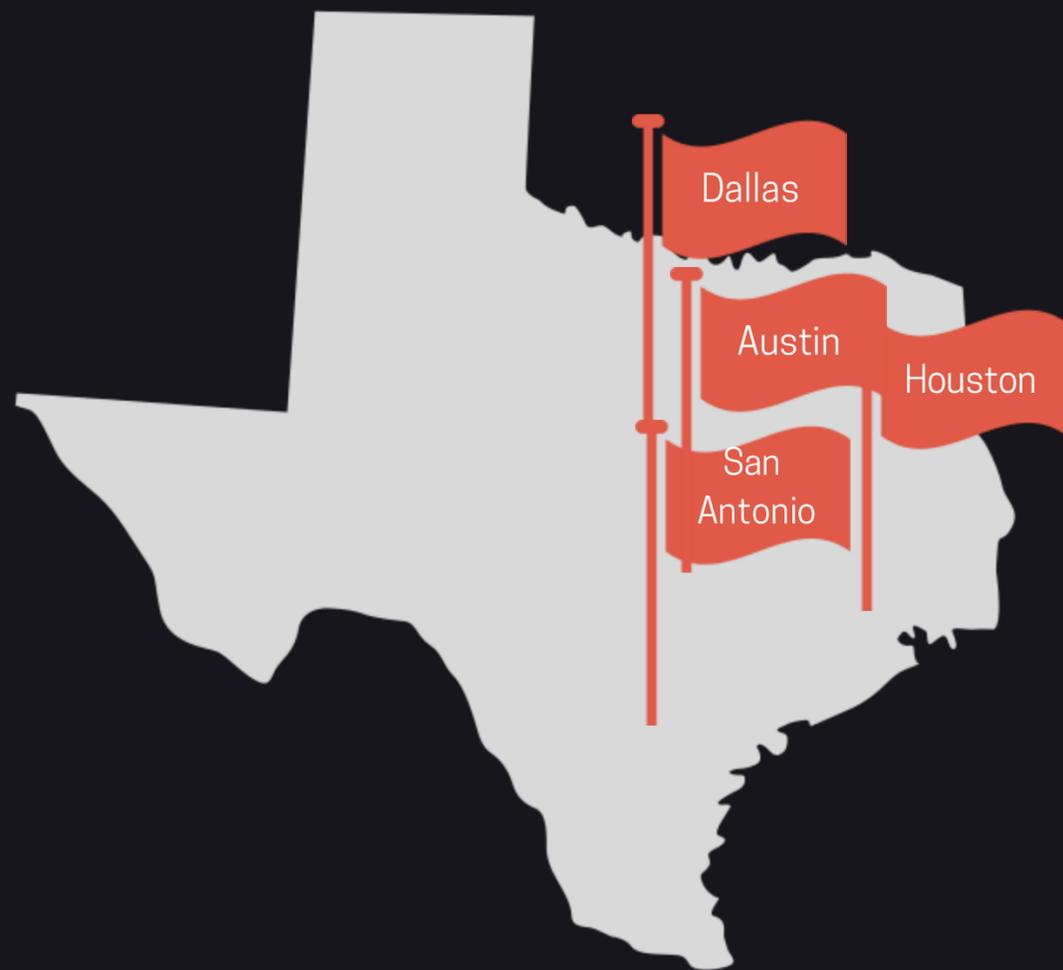
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# Stallion Family of Funds

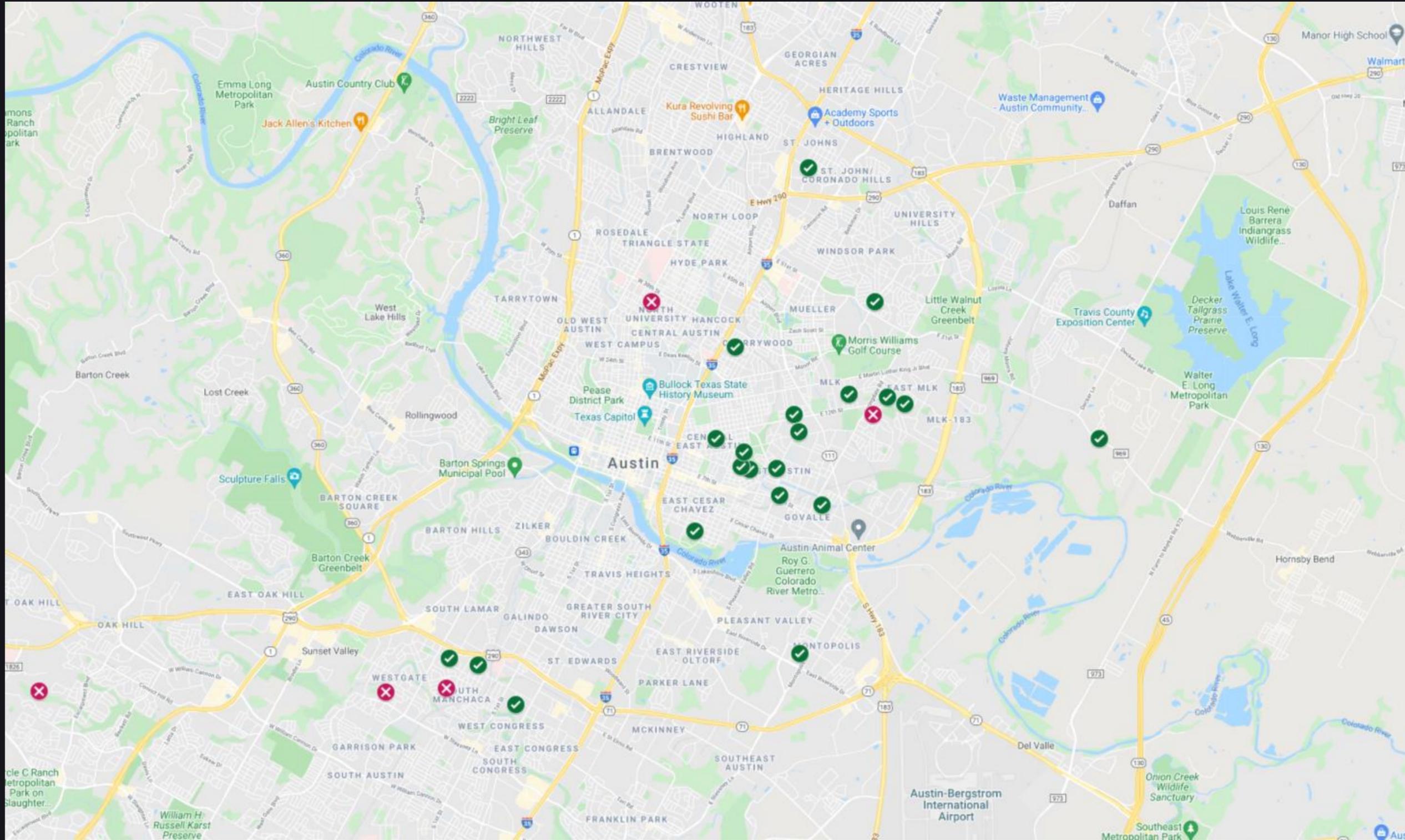
- **Stallion Texas Real Estate Fund (STREF)**
- **Stallion Texas Income Fund (SREIF)**
- **Stallion Texas Real Estate Fund II (STREF II)**
- **New Stallion Equity Fund-  
launching Q4 2021**



# Portfolio Allocations



# Actual Loan Allocations



# Texas Residential Real Estate Snapshot

- **Historically Low Supply (Residential)**
  - 1.6 months of inventory for Texas (as of July 2021)
  - 0.9 months of inventory for Austin (as of July 2021)
- **High Demand**
  - More companies moving and people working from home
- **Low Interest Rates**
  - Increased buying power
- **Supply Chain Constraints**



# Investment Considerations

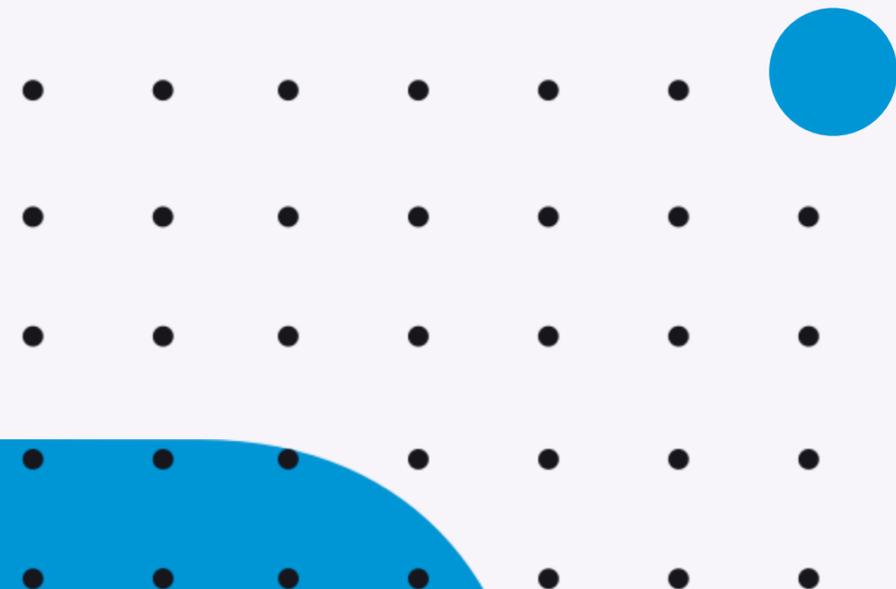
- Capital Concentrations
- Investment timeline mismatch
- Levered or unlevered
- GP/Fund Manager experience
- Third Party Audits and Accounting
- Geographic & asset class concentrations
- Consistency of Returns

## Radar Up

- Interest rate
- Housing affordability
- Regulatory changes (taxation, IRA rules, etc)
- Inflation
- Real Estate Value Stability (the next bubble?)



# Why does this matter to you?



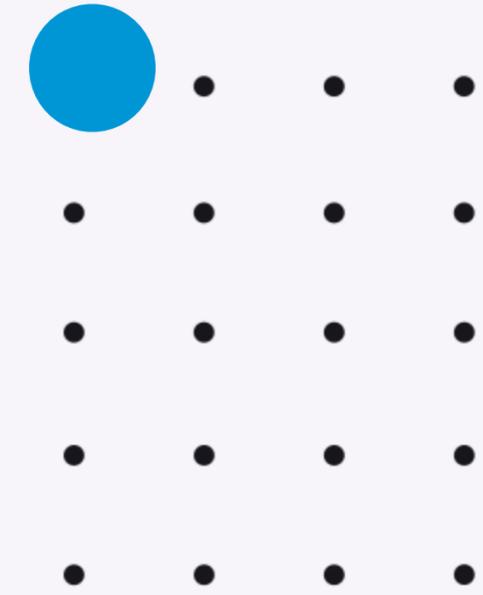
We have over a dozen RIA partnerships that allocate to our Funds.

RIAs Enjoy:

- Available on all major Custodians (TD, Schwab, Fidelity)
  - Can invest Qualified Capital (SDIRA)
- Institutional grade investor platform
- Fixed income alternative with quarterly distributions
- Adds stability without sacrificing yield
- Investible Assets are tangible
- Non-correlation to equities market
- Not tied to fed funds rate (private lender)
- Inflation hedge
- Third party audited

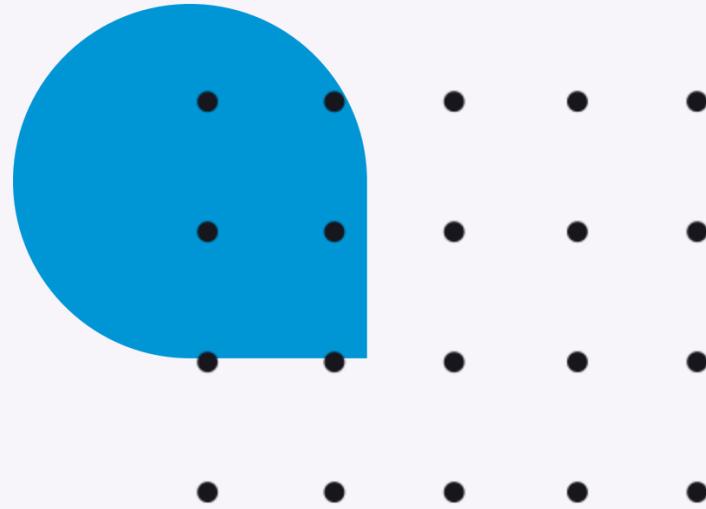


# Summary of Terms and Conditions: STREF II



Investment Manager	Stallion Capital Management
Investment Platform	Texas Limited Liability Company
Investment Objective	Real estate debt, fixed asset income
Inception Date	March 30, 2021
Target Return	7-8%
Liquidity	Initial 18 months, then quarterly with 90 days notice
Minimum Investment	\$100,000
Service Fee	1.5% of net assets under management, 65/35 split of extra distributable cash after preferred return of 6%
Auditor/Tax	CohnReznick





# Jeremy Jungbauer

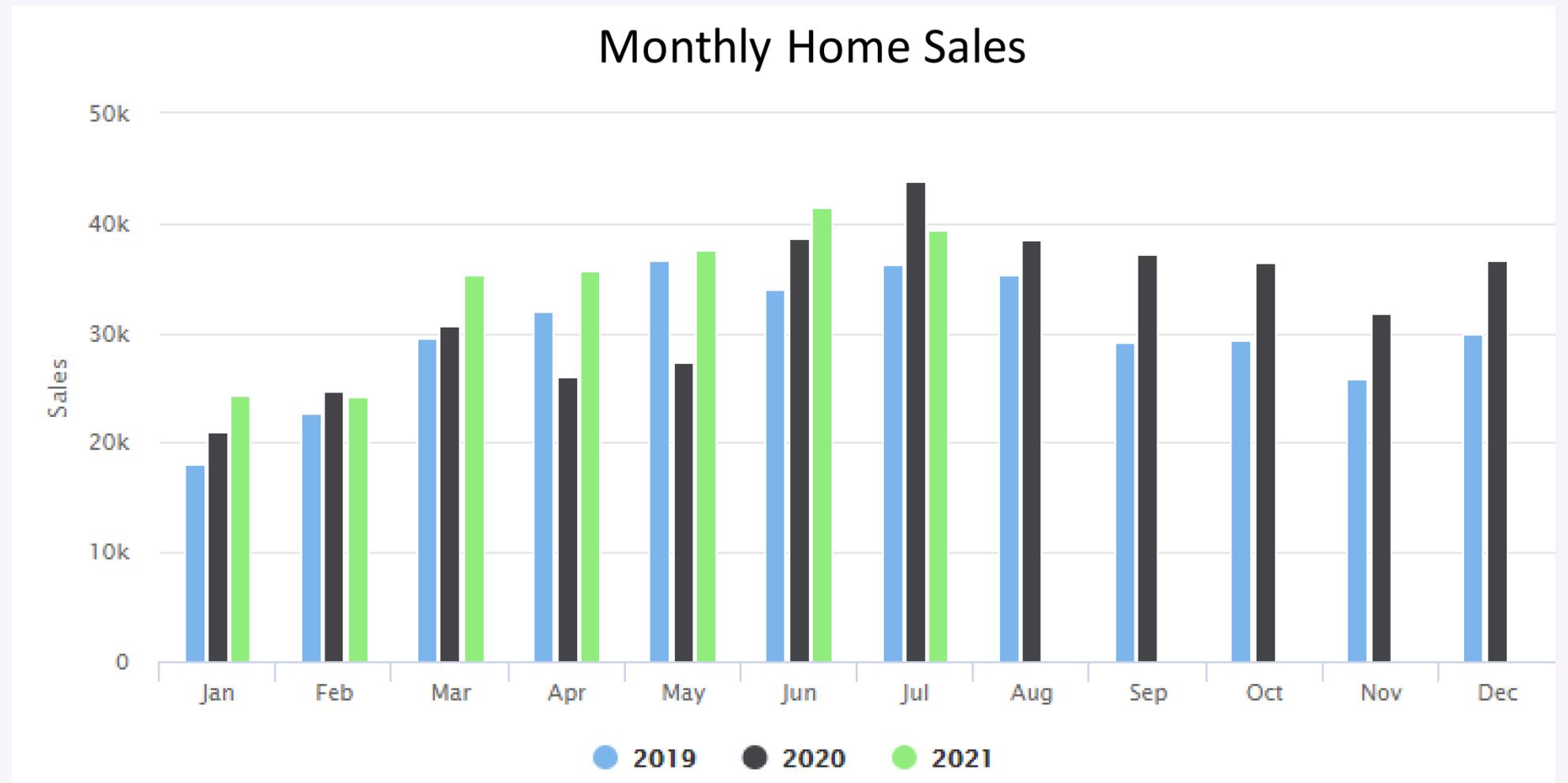
DIRECTOR OF INVESTOR RELATIONS

512-219-5558

[jeremy@stallioncap.com](mailto:jeremy@stallioncap.com)

[www.stallioncap.com](http://www.stallioncap.com)

# Texas Residential Real Estate Home Sales



\*per Texas Real Estate Research Center

- Second half of 2020 home sales increased on into the first half of 2021

