



# SUMMIT CONSUMER RECEIVABLES FUND, L.P.

JUNE 1, 2011

QUARTERLY INVESTOR UPDATE AND INVESTOR  
ADVISORY BOARD MEETING

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# AGENDA



- Welcome – 1 min (EG)
- What's New at Summit – 5 min (EG)
- 1Q2011 SCRF Portfolio Review and April Updates – 15 min (PC)
- Financial Statement and Returns Review – 10 min (DH & EG)
- Investor Advisory Board – 45 min (EG)
  - Discussion on resuming redemptions – 20 min
  - Discussion on Fortress Loan Repayment assumptions – 10 min
  - Other Options and Considerations – 15 min
- Closing Remarks – 5 min (EG)
- Q&A – 9 min

# WHAT'S NEW AT SUMMIT



- SCRF's defaults continue to exceed our expectations - more info to come later
- 30-day LIBOR has again set new record lows, reducing our borrowing cost
- ...but how long can it stay so low?
- Discussions with Potential Investor (PI) continue to go well and a bid has been issued for the CLST portfolio
  - However, due to the relatively low projected yield likely needed to get a deal done, PI is asking SAI for a significant discount in our fees
  - On the plus side, there is a good supply of portfolios available for bid
- We continue to see a warming of interest in the consumer receivables space on the investment side as well...potential for SCRF to buy again is looking brighter

# FINANCIAL STATEMENT REVIEW



Summit Consumer Receivables Fund, L.P. and Affiliates

Consolidated Balance Sheet

April 30, 2011



**Assets**

Cash	\$ 10,506
Restricted Cash	775,495
Receivable From Servicing Companies	257,913
Prepaid Expenses	133,297
Investment in Consumer Debt Portfolios	32,196,521
Investment in SSPE, LLC	0
Investment in SSPE FCC, LLC	0
Fixed Assets, Net	36,000
Other Assets	7,953

**Total Assets** **\$33,417,684**

**Liabilities & Partners' Capital**

**Liabilities**

Accounts Payable & Accrued Expenses	\$ 103,926
Loans Payable	19,352,736

**Total Liabilities** **\$19,456,661**

**Partners' Capital**

Partners' Contributions/Distributions	\$10,468,272
Retained Earnings	2,888,841
Current Year Earnings	603,910

**Total Partners' Capital** **\$13,961,023**

**Total Liabilities & Partners' Capital** **\$33,417,684**

# Summit Consumer Receivables Fund, L.P. and Affiliates

## Consolidated Income Statement

April 30, 2011

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### Revenue

Investment in Ordinary Income	\$ 168,873
Investment Interest Income	1,131,837
Allowance for Credit Losses	0
<b>Total Revenue</b>	<b><u>\$ 1,300,710</u></b>

### Expenses

Interest Expense	\$ 407,746
Office Expenses	56,714
Travel, Meal & Entertainment	821
Professional Fees	68,423
Payroll	163,096
Overhead Expense Allocation	0
<b>Total Expenses</b>	<b><u>\$ 696,800</u></b>

### Net Income

**\$ 603,910**

# FINANCIAL Q&A





# CONSOLIDATED RETURNS



## SCRF, L.P. return statistics through April, 2011:

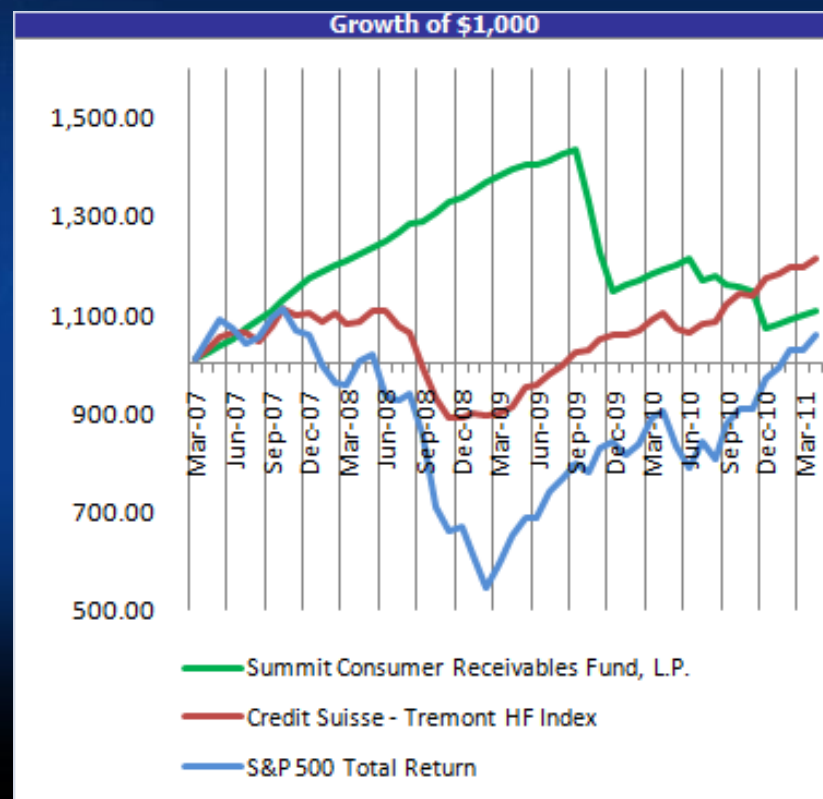
- 10.68% total return since inception
- 2.46% annualized return since inception
- 2010 return: -6.69% vs. 2009 return: -14.34%
- 2011 YTD return: 3.28% (10.18% annualized)

## CSFB/Tremont Hedge Fund Index:

- 21.47% return since inception
- 4.78% annualized return since inception
- 2010 return: 10.95% vs. 2009 return: 18.57%
- 2011 YTD return: 3.47% (10.77% annualized)

## Merrill Lynch US High-Yield Index:

- 40.63% return since inception
- 8.53% annualized return since inception
- 2010 return: 15.19% vs. 2009 return: 57.51%
- 2011 YTD return: 5.48% (17.36% annualized)



# NON-SIDE POCKET RETURNS



## SCRF, L.P. return statistics through April, 2011:

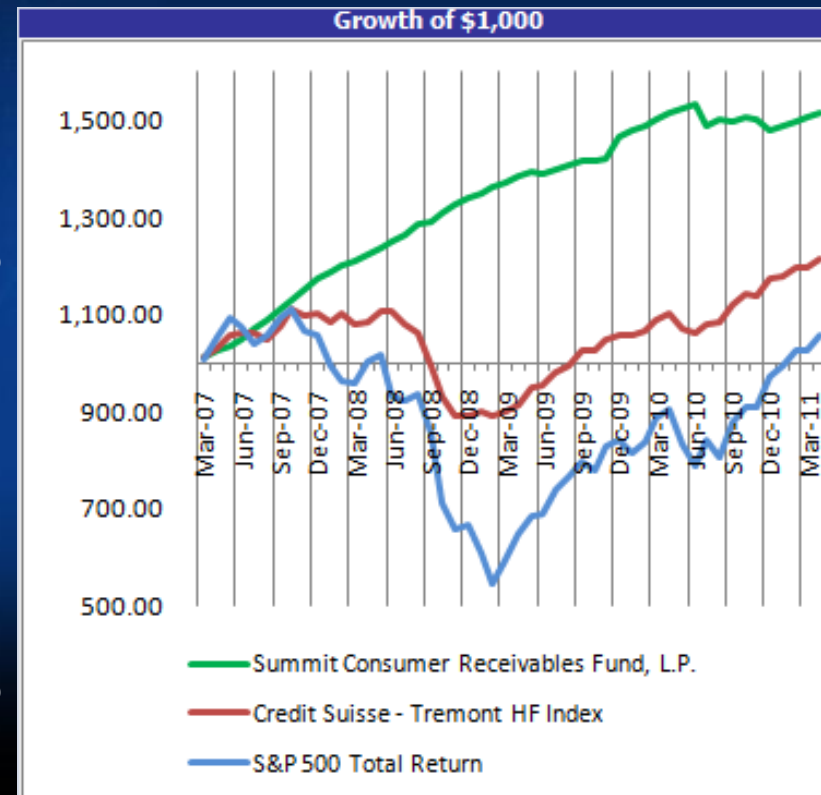
- 51.81% total return since inception
- 10.54% annualized return since inception
- 2010 return: 0.92% vs. 2009 return: 9.37%
- 2011 YTD return: 2.60% (7.99% annualized)

## S&P 500 Total Return:

- 5.97% total return since inception
- 1.40% annualized return since inception
- 2010 return: 15.06% vs. 2009 return: 26.46%
- 2011 YTD return: 9.06% (29.70% annualized)

## Nasdaq 100 Index:

- 39.04% return since inception
- 8.23% annualized return since inception
- 2010 return: 19.93% vs. 2009 return: 54.67%
- 2011 YTD return: 8.48% (27.67% annualized)



# PORTFOLIO REVIEW

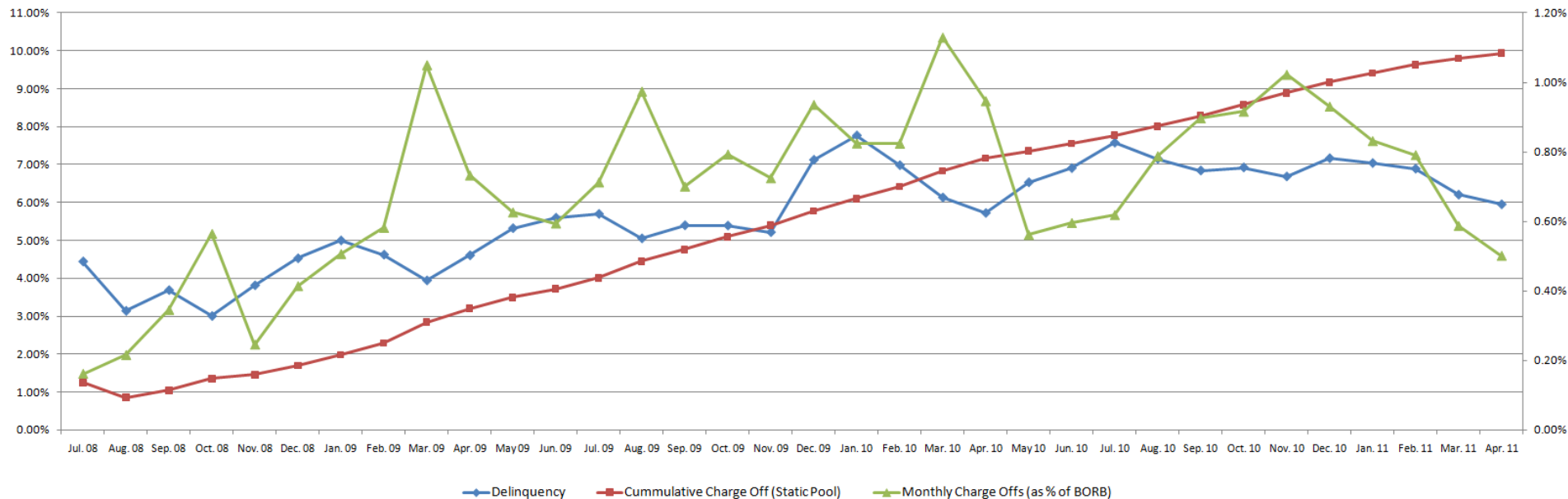


- Asset Performance Data presented as of 4/30/11
- 93.11% of fund assets are current on a principal balance basis
- There are 5,672 total individual consumer loans with a current balance of \$33,364,859
- Cumulative delinquency of all fund assets on a static pool basis:
  - Cumulative delinquency at 30+ days past due is 6.89%
  - Change since Dec-10: -1.22%
- Cumulative default rate of all Fund assets on a static pool basis is 9.93%
  - 2011 YTD Annualized Default Rate: 8.46%
  - 2010 Annualized Default Rate: 10.53%
    - Calculated as a % of Beginning Outstanding Receivable Balance (BORB)

# PORTFOLIO REVIEW (CONT.)



Total Portfolio - Delinquency and Default Rates



## APRIL 11' TOTAL PORTFOLIO

CLIENT	PORT	MONTH PURCH	TOTAL PBAL	ORIGINAL BALANCE	0-30		31-60		61-90		90+		Tot DQ %	COLLECTIONS		WRITE OFFS		Tot W/O %
					PBAL	%	PBAL	%	PBAL	%	PBAL	%		PBAL	%	PBAL	%	
TOTAL			33,364,859	124,564,418	31,380,766	94.05%	857,952	2.57%	465,729	1.40%	660,412	1.98%	5.95%	7,933,353	6.37%	4,439,752	3.56%	9.93%

## APRIL 11' NON-SIDE POCKET PORTFOLIO

CLIENT	PORT	MONTH PURCH	TOTAL PBAL	ORIGINAL BALANCE	0-30		31-60		61-90		90+		Tot DQ %	COLLECTIONS		WRITE OFFS		Tot W/O %
					PBAL	%	PBAL	%	PBAL	%	PBAL	%		PBAL	%	PBAL	%	
TOTAL			13,289,559	82,977,713	12,568,933	94.58%	305,294	2.30%	133,442	1.00%	281,890	2.12%	5.42%	4,010,885	4.83%	1,492,966	1.80%	6.63%

# PORTFOLIO CHALLENGES AND OPPORTUNITIES AHEAD



- Experiencing slight increase in “consistent delinquency”
- Revisiting pricing on charge-off receivables
  - Recently offered 4.3% for fresh charge-offs and exploring this as a forward-flow option
- 2011 Q1 improvement and Q2 expectations

# JAN 2011 IAB MEETING RECAP



- Recent developments on \$50M Potential Investor
  - Opportunity to reallocate O/H expenses and impact to SCRF
  - Next steps and recent developments
- Outcome of Mediation with CLST
  - Litigation vs. purchase accounts vs. help sell portfolio
- Overview of 2010 Audit and revised Default Projection Model
- Overview of Default Trigger Status
  - Redemption policy and portfolio strategy options
  - Investor Feedback: Suspend redemptions for 6 months, prepay the loan facility with ability to borrow back to ensure accuracy of valuation and ability to buy up triggers as needed

# REDEMPTION DISCUSSION



- We've paid an additional \$2.66M to the Fortress credit facility since suspending redemptions in Nov-10
- Some potential options include:
  1. Borrow back the excess cash and resume redemptions
  2. Maintain ~\$700K required to buy up triggers by 1% and resume redemptions with the excess balance
  3. Partially resume redemptions and also continue to prepay the Fortress credit facility to partly or fully pay it off by Sept 2013
  4. Continue suspending redemptions until we have more clarity on the impact of the options for how to handle the Fortress credit facility maturation in 2.5 years on portfolio valuation (to be discussed)

# FORTRESS CREDIT FACILITY OPTIONS



- Current Assumption: Will refinance the loan on or before Sept 2013 with same/similar terms
  - Interest Rate Risk: this might be an unrealistic assumption as it's impossible to know what will happen to interest rates and lenders' appetite to re-fi the facility
  - Some options include:
    1. Sell the remaining portfolio on or before expiration of loan
    2. Purchase an interest rate swap and/or seek longer term loan to give more clarity of the impact of the credit facility
    3. Pay down the Fortress credit facility each month to ensure full payoff of the loan by the due date



# OTHER IDEAS FOR DISCUSSION



- Once redemptions are resumed, allow investors to defer their redemption while maintaining their place in the redemption pipeline
  - Discuss how this could work and benefits to all investors
  - Besides a slight administrative burden, can you think of reasons not to implement this?
- Start buying along-side Credigy? When/how?

# CLOSING REMARKS



- Summit has taken some significant steps forward in the past several months, including:
  - Established an active Investor Advisory Board (IAB)
  - Reduced portfolio delinquency and default rates
  - Substantially reduced risk of hitting a lender default trigger
  - Created a significantly refined and sophisticated Default Forecasting methodology
  - Amassed a cash reserve by suspending redemptions to:
    - Protect against the possibility of hitting default triggers, and
    - Allow defaults to stabilize so we're confident in valuations prior to resuming redemptions

# CLOSING REMARKS (CONT.)



- Performed the 2010 Audit on-time with no adjustments
  - The improved “Reverse Loan” Valuation Model from a year ago has stood the test of time well in terms of usability and accuracy
- Courted a possibly game-changing potential Investor which could significantly reduce O/H costs for SCRF
- We’re playing more offense now, and less defense
- If you have any suggestions for ways we can improve communications with you, please let us know!

# Q&A

