



# SUMMIT CONSUMER RECEIVABLES FUND, L.P.

AUGUST 18, 2014

1-2Q 2014 INVESTOR MEETING

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# AGENDA



- Welcome – 1 min (EG)
- What's New at Summit – 5 min (EG)
- Portfolio Performance Review – 10 min (PC)
- Default Forecast and Financial Statement Review – 10 min (DH)
- Cash Forecast (DH) – 5 min (DH)
- SCRF Next Steps and Closing Remarks – 20 min (EG)
- Q&A – 20 min
- Optional: Two Investment Opportunities – 15 min (EG)

# WHAT'S NEW AT SUMMIT

## (SINCE OUR JANUARY 14 MEETING)



- Fortress Loan was paid in full on January 20, 2014
- The first redemption distribution went out in March, 2014 and have gone out monthly since then
- We transferred servicing of the SCRF portfolio to the new servicer we have been mentioning for the last several months (AmeriFirst) on May 1, 2014
- Paul Cook has moved to Omaha, NE and is in training to take on the top operations management role at AmeriFirst within a few months
  - He is now managing SCRF's portfolio part-time instead of full-time, saving the Fund money in the process

# WHAT'S NEW AT SUMMIT, CONT.



- The servicing transfer to AmeriFirst:
  - Allows us to more economically and effectively service SCRF assets through their remaining life, improving returns
  - Servicing cost reduction of performing and non-performing loans along with the payroll reduction resulting from Paul's transition have reduced total Fund expenses by 29.2%
    - Monthly annualized return increased from an average of 2.02% for Jan-May to 3.75% in June; with July even better

# PORTFOLIO REVIEW 1-2Q14

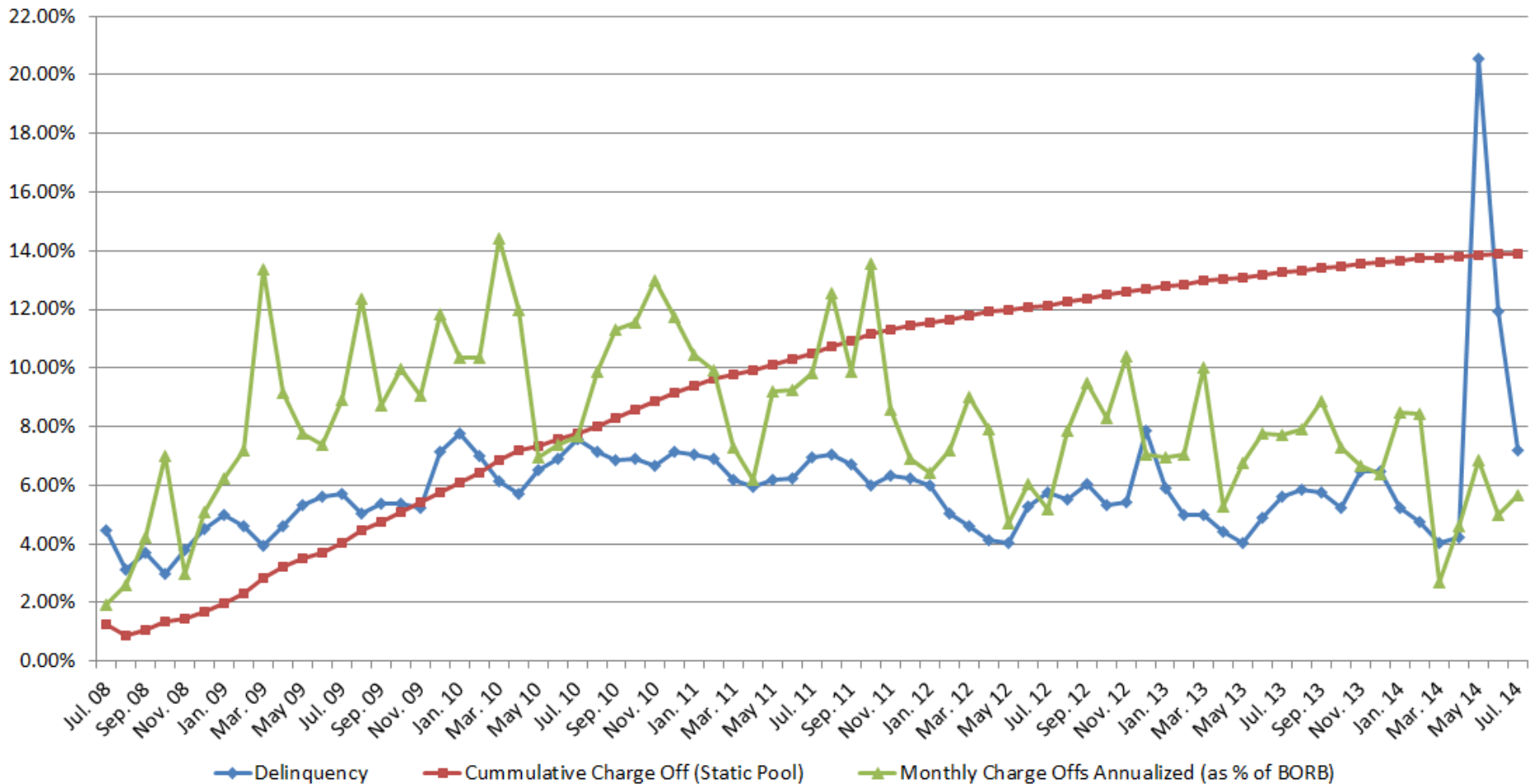


- Asset Performance Data presented as of 7/31/13
- 92.8% of fund assets are current on a principal balance basis
- There are 1,853 active consumer loans with a principal balance of \$10,833,502
- Delinquency:
  - 30+ days past due: 7.2%
  - Change from Dec-13: 0.7% (from 6.5%)
- Total defaults of all Fund assets on a static pool basis: 13.9%
  - 2014 YTD Annualized Default Rate: 5.2%
  - 2013 Default Rate: 5.9%
  - 2012 Default Rate: 6.0%
  - Calculated as a % of Beginning Outstanding Receivable Balance (BORB)

# PORTFOLIO REVIEW, CONT.



## Total Portfolio - Delinquency and Default Rates



# 1-2Q14 RECAP AND PROJECTED PERFORMANCE MOVING FORWARD



- Year to Date Recap
  - Portfolio transitioned May 1, 2014
  - Have realized a 37.7% reduction in servicing costs on performing loans
  - Recovery collections consistent since move but at a +50% reduction in cost
  - Experiencing a “bubble” unrelated to portfolio move
  - Have initiated modifications and delayed charge-offs (30 day hold) to assist
  - Expect bubble to finalize by October, 2014



# DEFAULT FORECAST UPDATE



- Through Jul-14, we are \$37K behind our forecast
  - We currently have a \$100K cash surplus built up
- Through Sep-14, we are expected to be as much as \$255K behind our forecast as those accounts which we have delayed charging off following the portfolio transition in an effort to get them paying again wash through
  - As a result, we may need to add ~\$120K to the loss reserve next month
- We expect defaults to stabilize in 4Q14 and do not anticipate further additions to the loss reserve

# PORTFOLIO PERFORMANCE



- SCRF, L.P. consolidated return statistics through Jul-14:
  - 8.33% total return since inception
  - 1.09% annualized return since inception
  - 2013 return: 3.62% vs. 2012 return: -8.01%
  - 2014 YTD annualized return: 2.69%
- SCRF, L.P. non-side pocket return statistics through Jul-14:
  - 55.14% total return since inception
  - 6.10% annualized return since inception
  - 2013 return: 0.27% vs. 2012 return: -0.72%
  - 2014 YTD annualized return: 2.82%

**Summit Consumer Receivables Fund, L.P. and Affiliates**  
**Consolidated Balance Sheet**  
**July 31, 2014**



**Assets**

Cash	\$ 439,655
Receivables From Servicing Companies	23,796
Prepaid Expenses	32,840
Investment in Consumer Debt Portfolios	10,463,792
Investment in SSPE, LLC	0
Investment in SSPE FCC, LLC	0
Fixed Assets, Net	0
Other Assets	27,553
<b>Total Assets</b>	<b><u>\$ 10,987,636</u></b>

**Liabilities & Partners' Capital**

**Liabilities**

Accounts Payable & Accrued Expenses	\$ 1,410
<b>Total Liabilities</b>	<b><u>\$ 1,410</u></b>

**Partners' Capital**

Partners' Contributions/Distributions	\$ 7,200,458
Retained Earnings	3,449,404
Current Year Earnings	336,364
<b>Total Partners' Capital</b>	<b><u>\$ 10,986,226</u></b>

<b>Total Liabilities &amp; Partners' Capital</b>	<b><u>\$ 10,987,636</u></b>
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**Summit Consumer Receivables Fund, L.P. and Affiliates**  
**Consolidated Income Statement**  
**July 31, 2014**



	<u>For the Month</u>	<u>Year to Date</u>
<b><u>Revenue</u></b>		
Investment in Ordinary Income	\$ 13,395	\$ 88,275
Investment Interest Income	89,689	591,185
<b>Total Revenue</b>	<b>\$ 103,084</b>	<b>\$ 679,460</b>
 <b><u>Expenses</u></b>		
Bad Debt Expense	\$ 0	\$ 0
Office Expenses	11,300	82,461
Travel, Meal & Entertainment	0	0
Professional Fees	7,740	69,287
Payroll	17,654	191,349
Overhead Expense Allocation	0	0
<b>Total Expenses</b>	<b>\$ 36,694</b>	<b>\$ 343,097</b>
<b><u>Net Income</u></b>	<b>\$ 66,390</b>	<b>\$ 336,364</b>

# CASH FORECAST



- The first distribution was sent in March, 2014 and distributions have gone out monthly since then
- So far, \$2.1M has been distributed—on target with our January projection

<u>2014 Estimated Cash Forecast</u>	<u>02/28/14</u>	<u>03/31/14</u>	<u>04/30/14</u>	<u>05/31/14</u>	<u>06/30/14</u>	<u>07/31/14</u>	<u>08/31/14</u>	<u>09/30/14</u>	<u>10/31/14</u>	<u>11/30/14</u>	<u>12/31/14</u>	<u>Total</u>
Cash Collections	464,573	457,112	449,044	441,198	434,606	424,726	371,067	364,120	358,019	350,968	343,581	4,459,015
Expenses	(94,250)	(92,407)	(91,828)	(91,259)	(90,725)	(83,663)	(79,476)	(79,028)	(78,584)	(78,132)	(81,986)	(941,336)
<b>Net cash</b>	<b>370,323</b>	<b>364,705</b>	<b>357,216</b>	<b>349,939</b>	<b>343,881</b>	<b>341,063</b>	<b>291,591</b>	<b>285,092</b>	<b>279,436</b>	<b>272,835</b>	<b>261,596</b>	<b>3,517,679</b>

- Based on 1/31/14 Investor Statement balances, 27.5% of your capital account balance will be redeemed by the end of 2014

# CASH FORECAST, CONT.



- Based on 1/31/14 Investor Statement balances and our estimated cash forecast:
  - 49.5% will be redeemed by the end of 2015
  - 66.0% will be redeemed by the end of 2016
  - 77.5% will be redeemed by the end of 2017
  - 85.0% will be redeemed by the end of 2018

<b>Cash Collections and Portfolio Amortization</b>	<b>2015 Total</b>	<b>2016 Total</b>	<b>2017 Total</b>	<b>2018 Total</b>
Cash Collections	3,399,512	2,437,688	1,752,886	1,179,640
Expenses	(576,626)	(323,893)	(254,901)	(211,275)
<b>Net cash</b>	<b>2,822,886</b>	<b>2,113,795</b>	<b>1,497,985</b>	<b>968,365</b>
Total % Captl Acct Balance Redeemed	49.5%	66.0%	77.5%	85.0%
Beginning Principal Balance	9,377,027	6,748,332	4,943,955	3,690,785

# SCRF NEXT STEPS AND CLOSING REMARKS



- We are very pleased that our efforts continue to pay off—our line of credit provider was paid in full a month ahead of our prior forecasts, cash is being sent to our investors each month, and we have reduced our overhead costs and servicing expense which has improved returns so far this year
- It will probably make sense at some point in the next 2.5 to 5.5 years to sell the remaining SCRF portfolio
- As always, we will continue to look for ways to maximize SCRF investor returns
- If you can think of any additional options for how we move forward or suggestions for ways we can improve our communication with you, please let us know!

# Q&A







# An Investment Opportunity: Forward Flow Consumer Receivables

# INVESTOR OPPORTUNITY



- Amerifirst Home Improvement  
<http://www.trustamerifirst.com/>
  - In business for over forty years
- Flow Financing
  - Initially, Home Improvement Financing
- Near-Prime and Prime Consumer Financing
  - Up to 19.5% coupons
  - Up to ten year terms
  - Unsecured

# INVESTOR OPPORTUNITY, CONT.



- We have recently begun originating new loans to consumers, and are about to put our credit facilities into place.
- To accompany the senior secured debt, we plan to raise subordinated debt.
- **Subordinated Debt Opportunity**
  - **Fixed Rate of Interest for a set period of time**
    - High single-digit to low double-digit interest rate
    - 3 year term
    - interest paid quarterly
  - **Principal paid back at maturity**



An Investment Opportunity:  
Summit VIXEK Long/Short Equity  
Funds

# SUMMIT-VIXEK LONG/SHORT

## EQUITY FUND



- Fundamental hypothesis: markets move based on the actions of large, “whale” investors (institutional/HFs) - VIXEK measures this
- VIXEK indicator developed by Atul Minocha: Long, Short or Cash
- In partnership with E. Gangloff, enhanced to indicate whether to invest -2X, -1X, cash, 1X, 2X, or 3X the S&P 500 index
- Nearly zero correlation to stock/bond markets
- Back-tested return/alpha...outperformance over past 16 years

# PERFORMANCE



	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 TOTAL RETURN/ALPHA
SV-I Return	5.44%	1.14%	-0.79%	2.22%	2.21%	-2.71%	5.52%	-2.27%	0.59%	4.99%	2.82%	0.90%	21.50%
SV-I Alpha	0.39%	0.03%	-4.39%	0.41%	0.13%	-1.21%	0.58%	0.86%	-2.39%	0.53%	0.01%	-1.46%	-8.10%
L/S HF Return	3.54%	0.12%	1.38%	1.26%	1.19%	-0.63%	1.95%	-1.11%	2.64%	2.54%	1.85%	1.80%	17.73%
L/S HF Alpha	-1.50%	-0.99%	-2.22%	-0.55%	-0.89%	0.87%	-3.00%	2.02%	-0.33%	-1.92%	-0.95%	-0.56%	-11.88%
SV-II Return	9.35%	3.00%	-0.74%	6.74%	10.21%	-9.93%	13.19%	-2.28%	-0.36%	4.88%	5.44%	5.68%	52.57%
SV-II Alpha	4.31%	1.89%	-4.34%	4.94%	8.13%	-8.43%	8.24%	0.85%	-3.34%	0.42%	2.63%	3.33%	22.97%

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	8/15/14	Sep-14	Oct-14	Nov-14	Dec-14	2014 YTD RETURN/ALPHA	SINCE INCEPTION 1/1/13 to 8/15/14
SV-I Return	-3.09%	4.36%	-0.02%	1.00%	2.15%	0.53%	-0.98%	1.22%					5.11%	27.71%
SV-I Alpha	0.47%	0.05%	-0.71%	0.38%	0.05%	-1.38%	0.53%	-0.05%					-0.66%	-9.37%
L/S HF Return	-0.08%	2.88%	-1.19%	-1.03%	1.51%	1.01%	N/A	N/A					3.08%	21.35%
L/S HF Alpha	3.48%	-1.43%	-1.88%	-1.65%	-0.59%	-0.90%	N/A	N/A					-2.70%	-15.74%
SV-II Return	-10.82%	13.50%	1.37%	1.53%	6.48%	2.79%	-2.62%	2.14%					13.41%	73.03%
SV-II Alpha	-7.26%	9.18%	0.68%	0.91%	4.38%	0.88%	-1.11%	0.88%					7.64%	35.95%