



Actual Project Funded by ILS Capital



ilscapitalfunds.com
979.541.1270

ILS GROWTH FUND I LP
ILS INCOME FUND I LP

YOUR FUTURE. OUR MISSION.

INVESTING SMARTER IN AN UNCERTAIN ECONOMY

with

Tom Berry

Investor Loan Source/ILS Capital



Discover funds proven to be a winning combination, designed to grow and flourish in any market cycle.

Our funds are available to accredited investors only.

ILS GROWTH FUND I LP

ILS Growth Fund I is available to accredited investors only. It invests in a combination of real estate notes that have a duration of up to 60 months and are generally written up to 70% of the value of the real estate collateral or less. At this time in the real estate market cycle, the fund is 100% invested in real estate notes. We recognize that some investors will be comfortable with notes and not real property and vice versa, so we have a very short “lock up” period on the funds (12 months). We send out monthly statements and have quarterly videos that spell out our thoughts on the market as well as any potential changes in investment strategy. At this time, we see no changes in strategy needed in the foreseeable future.



ILS CAPITAL

OUR WINNING APPROACH

ILS Growth Fund I LP and ILS Income Fund I LP utilize the experienced team that we've built at Investor Loan Source, that together has processed over 1,900 loans in the past nine years. Our team properly vets, processes and services the highest quality real estate loans available.

ILS INCOME FUND I LP

This fund invests in real estate notes with an expected duration of 36 to 360 months. The notes purchased by this fund fall into three categories – notes on rental properties that are primarily already fixed up and leased out, notes on owner-financed/owner-occupied properties that are purchased at a discount to par, and commercial property with no rehab components. The real estate purchased in this fund will have an expected hold time of two years or more.





What is an accredited investor?

To claim accredited investor status, you must meet at least one of the definitions provided by the SEC in rule 501 (a) with the most common being:

- Having a net worth exceeding \$1 million individually or combined with a spouse (excluding value of primary residence).
- Having earned income exceeding \$200,000 (\$300,000 if combined with a spouse) during each of the last two calendar years.
- The individual must also demonstrate credibility that he or she will at least maintain these income thresholds during the current year.

However, it's important to note one specific rule about that last point. You must meet those income requirements based on the same method for all three years: single or joint.

Entities can also claim accredited investor status.

The SEC defines accredited investors in Section 501 under Regulation D. The following entities who can meet the requirements outlined in this document can claim accredited investor status.

- Banks
- Brokerage firms
- Employer-sponsored retirement plans
- Certain trusts
- Registered Investment Advisor (RIA) firms

In certain situations, an individual can gain approval to buy unregistered securities if he or she can prove experience and education in the financial markets, particularly around unregistered securities.

For more information and a more detailed definition visit www.sec.gov.

WHO SHOULD INVEST IN THE FUNDS?

The ILS Funds are great investments for individuals and institutional investors who are seeking a consistent high-yield return with low volatility and collateral protection. It is also suitable for investors who want passive income from regular distributions and those who would like to diversify their overall portfolio away from traditional investments like stocks, bonds, and government debt. Because the funds invest in notes backed by real estate, investors driven by capital preservation are still able to enjoy returns more typical of riskier high-yield assets.

Invest in your future.



MARKET OVERVIEW

RESIDENTIAL

Looking at the real estate market today, we see prices reaching new highs in many cities and inventory very short, particularly in the affordable housing sector – homes priced at or below \$250,000. This is our sweet spot at this time in single family lending. We are beginning to see some large volume real estate rehabbers and builders get in financial trouble and this has had a negative effect on many Mom and Pop private lenders. While some of this may be due to the COVID-19 pandemic, we were beginning to see the onset prior to the pandemic.

Unsophisticated lenders are always the first ones to take a beating when the market turns, and they serve as the proverbial “canary in the coal mine” for those of us with professional lending teams. As a result of what we see, we have already begun to adjust our lending guidelines to take a more defensive stance. We are still bullish on real estate lending in general, but believe that caution is warranted. Most rising markets take 3–4 times as long to peak as the corresponding down side. When the market shifts downward, it is often too late to adjust.



MARKET OVERVIEW



COMMERCIAL

On the commercial side of the market, we see several contradicting stories. While apartments and self-storage are trading at what we believe are very high prices, retail space has some very real opportunities. As people move away from the big box stores, many of those structures are sitting empty, some of them for 10 years or more. We have found several commercial developers that buy that type of property at huge discounts to construction costs and then they repurpose the properties into things other than retail. These projects have been highly profitable for the developers as well as for us as their primary lender.

OVERVIEW OF INVESTMENT TERMS



ILS GROWTH FUND I

Accredited Investors Only

The ILS Growth Fund I invests in a combination of single-family and commercial notes that have a construction component such as fix and flips and commercial development projects. These notes have a duration of 60 months or less and are generally written at a maximum of 70% of the property value.

- Minimum Investment Amount: \$50,000
- Management Fee: None
- Distributions: Monthly option to receive in cash or reinvest
- Minimum Lock Up Period: 12 months (principal withdrawal available on a monthly basis after 1-year subscription with a 90-day notice)
- Target: 10% +
- Net return to Investors last 3 months: 10.760%
- Net return to investors last 6 months: 10.640%
- Net return to investors last 12 months: 10.424%

*As of January 23, 2023

ILS INCOME FUND I

Accredited Investors Only

The ILS Income Fund I invests in a combination of single-family and commercial notes on stabilized property with no construction component. Primarily these notes will have a duration of 36 to 360 months focusing heavily on long-term, single-family rentals and stabilized commercial property. Because many of the notes held in this fund are already income-producing, this fund would be considered much more conservative.

Both the Growth and Income Fund derive their income from borrower interest payments, but the Income Fund has the added backstop of rental income.

- Minimum Investment Amount: \$50,000
- Management Fee: None
- Distributions: Monthly option to receive in cash or reinvest (principal withdrawal available on a monthly basis after 1-year subscription with a 90-day notice)
- Minimum Lock Up Period: 12 months
- Target: 7% +
- Net return to Investors last 3 months: 9.457%
- Net return to investors last 6 months: 9.474%
- Net return to investors last 12 months: 9.075%

*As of January 23, 2023



ILS Capital is a part of the ILS group of companies that invest in deals, lend to investors and raises capital from passive investors. This gives us a unique look at the real estate market from multiple angles and provides us a constant perspective on market trends and opportunities.

MISSION

We developed a unique system that provides our managers the opportunity to take advantage of the best assets available at the time, with the goal of yielding the highest return at the lowest risk. This could include houses, apartments, commercial real estate assets or real estate notes.

WHAT WE INVEST IN

These funds are uniquely structured, so we can invest in real estate lien notes secured by investment property with a maximum loan value of up to 70%. We can also invest in physical assets such as houses, apartment complexes, and other commercial assets with either a 30% or more equity position or a 10% or better cap rate. Most private equity funds available to investors are limited to either notes or physical assets. Our unique design allows us to purchase assets when prices are low and sell them when prices are high. We believe this will allow us to produce consistently high yields for our investors at any point in the market cycle while minimizing risk.



ATTENTIVE TO THE MARKET CYCLE

We invest by keeping a close watch on the market cycles. Real estate sales volumes and prices fluctuate greatly over time and different asset classes fluctuate at different times as well.

KNOWLEDGE AND EXPERIENCE ARE KEY

Knowing the market cycles and having over two decades of experience and knowledge in them allows us to plan ahead and invest wisely.

Investor Loan Source provides over 90% of high quality notes held by ILS Capital.





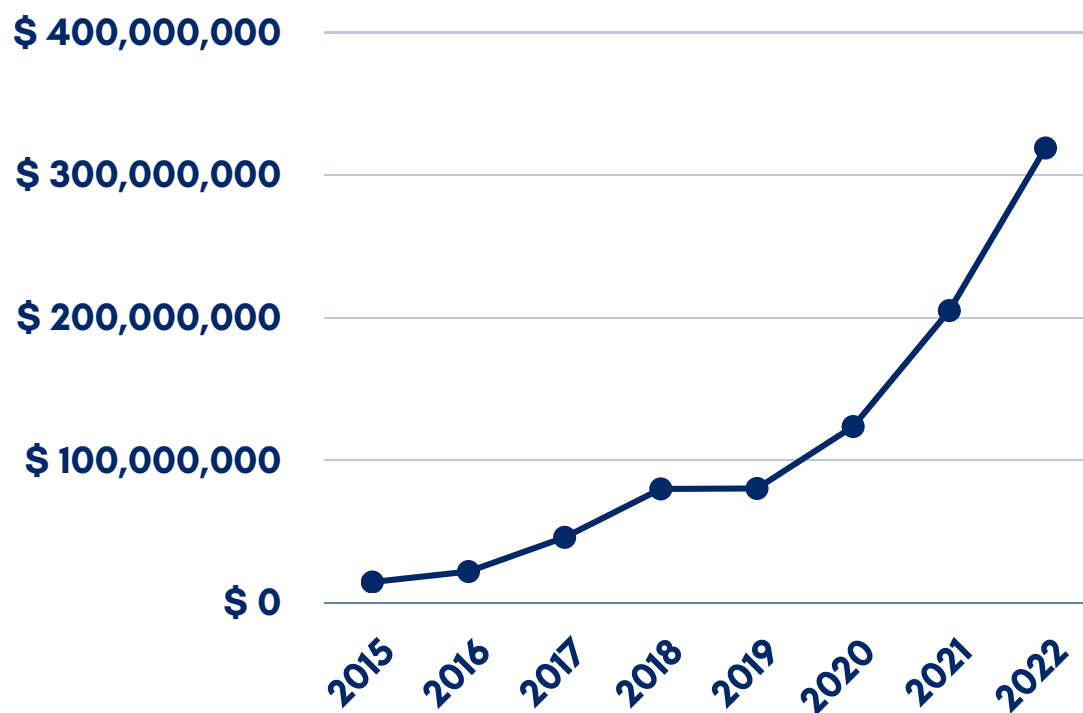
MARKET DIVERSIFICATION



We invest in different geographic areas, note types and asset classes providing multi-layered diversification. We take advantage of markets with bigger opportunities for financial gain to maximize the return on your investment.

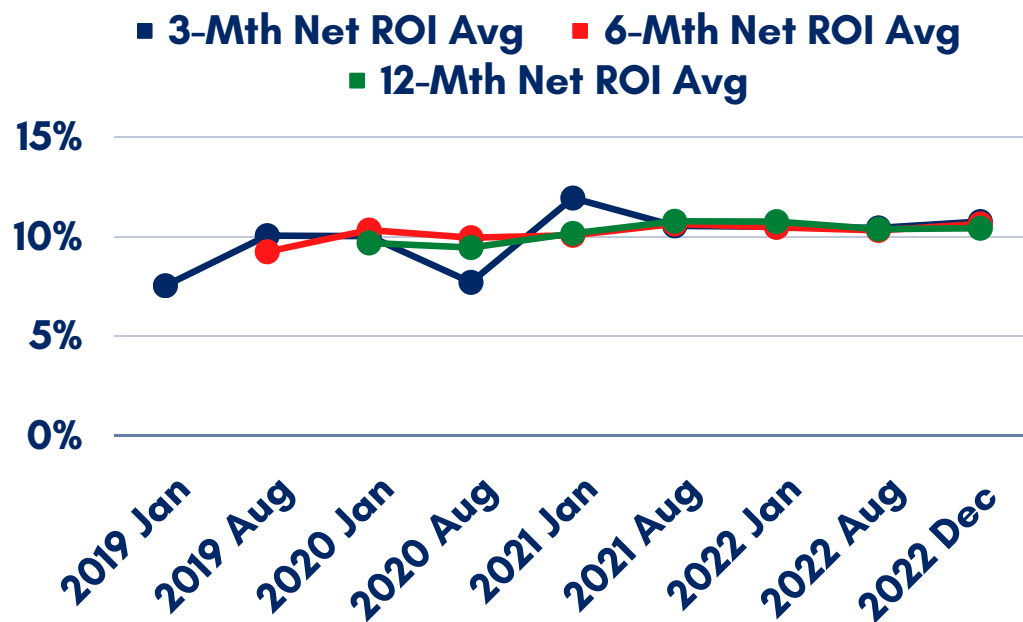
INVESTOR LOAN SOURCE GROWTH OVER THE YEARS

| | Yearly Production | Growth Rate |
|------|-------------------|-------------|
| 2015 | \$ 14,699,070 | |
| 2016 | \$ 22,042,738 | 49.960% |
| 2017 | \$ 46,022,757 | 108.789% |
| 2018 | \$ 79,974,177 | 73.771% |
| 2019 | \$ 80,288,191 | 0.393% |
| 2020 | \$ 123,720,125 | 54.095% |
| 2021 | \$ 205,000,703 | 65.697% |
| 2022 | \$319,000,000 | 55.900% |



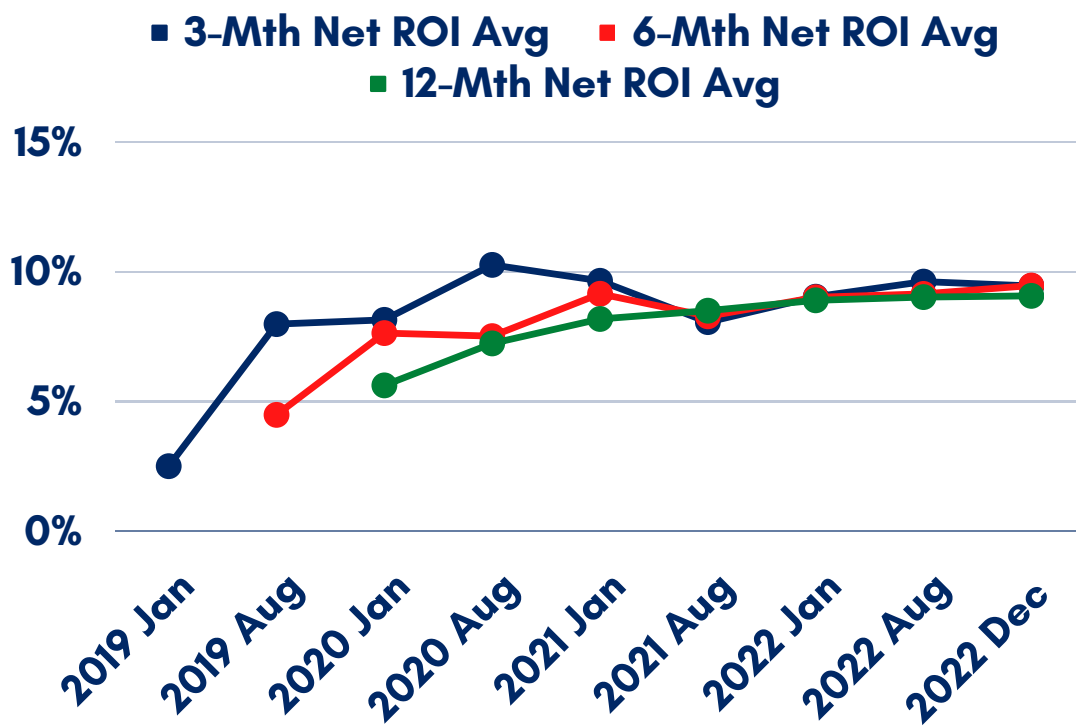
GROWTH FUND OVER THE YEARS

| | 3-Mth Net ROI Average | 6-Mth Net ROI Average | 12-Mth Net ROI Average |
|----------|--------------------------|--------------------------|---------------------------|
| 2019 Jan | 7.534% | | |
| 2019 Aug | 10.051% | 9.242% | |
| 2020 Jan | 10.027% | 10.332% | 9.684% |
| 2020 Aug | 7.703% | 9.948% | 9.453% |
| 2021 Jan | 11.941% | 10.070% | 10.163% |
| 2021 Aug | 10.544% | 10.643% | 10.773% |
| 2022 Jan | 10.494% | 10.469% | 10.758% |
| 2022 Aug | 10.442% | 10.315% | 10.379% |
| 2022 Dec | 10.760% | 10.640% | 10.424% |



INCOME FUND OVER THE YEARS

| | 3-Mth Net ROI Average | 6-Mth Net ROI Average | 12-Mth Net ROI Average |
|----------|--------------------------|--------------------------|---------------------------|
| 2019 Jan | 2.513% | | |
| 2019 Aug | 7.987% | 4.490% | |
| 2020 Jan | 8.151% | 7.641% | 5.626% |
| 2020 Aug | 10.269% | 7.524% | 7.243% |
| 2021 Jan | 9.656% | 9.156% | 8.185% |
| 2021 Aug | 8.064% | 8.288% | 8.504% |
| 2022 Jan | 9.043% | 9.021% | 8.904% |
| 2022 Aug | 9.625% | 9.151% | 9.028% |
| 2022 Dec | 9.457% | 9.474% | 9.075% |



YOUR INVESTMENT IS IN GOOD HANDS



Our management team has over two decades of real estate investing and lending experience in the residential, commercial, and multi-family sectors. Together, we have processed over 1,700 real estate loans.



With experience comes knowledge. We have put stringent underwriting policies in place to protect our investments.



We're always attentive to the market cycle and look at local and national housing markets to ensure opportunities and weaknesses in the market are not overlooked.



We like to keep our strategy fairly simple and we strive to make the best decisions on behalf of our partners and investors.



FREQUENTLY ASKED QUESTIONS

How long has ILS Capital managed funds?

The general partners of the fund have managed note funds since 2014. The ILS Growth Fund I LP and the ILS Income Fund I LP were created in 2018 to allow investors to take advantage of the returns note funds offer.

What is the minimum investment?

The minimum investment in both the ILS Growth Fund I LP and the ILS Income Fund I LP is \$50,000. Subsequent investments are also allowed at any time, at a minimum of \$5,000.

What is the initial lock-up period for this fund?

The initial lock-up period for both funds is one year.



How often do the funds payout?

Both funds pay out monthly.

Can I compound my earnings?

Yes, you have the option to allow your funds to work twice as hard for you by compounding on a monthly basis.

Is this an open-ended fund?

Yes, this fund is open-ended, also known as an evergreen fund.



FREQUENTLY ASKED QUESTIONS

Do you pay a preferred rate of return?

A preferred rate of return is an inducement to get an investor to put money in a fund. This inducement is sometimes necessary in a fund that does not produce predictable ongoing profits. For example, a fund that purchases distressed real estate may not see actual profitability for a year or more. In this case, they may offer a preferred rate of return (Pref.) to entice investors to invest with them until the property is profitable and the funds sees positive returns. While there is absolutely NOTHING WRONG with this type of investment, our fund by design, has no need of a "pref" because we have interest income that in turn is paid out to investors monthly.

Is this a passive investment?

Yes, investing in the private fund is completely passive. When investing in a private fund, you are leveraging our management company's experience in this business as you participate in a diversified portfolio. Investors receive their monthly return by ACH.

How often will I receive updates about my investment?

Monthly statements are sent to all partners that detail the returns on their investments. Additionally, quarterly newsletters and video updates are shared to inform our investors of what we see in the marketplace or any necessary changes.



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FREQUENTLY ASKED QUESTIONS

Will I own a specific note?

If you invest, you become part owner of the fund versus a specific note. Therefore, your capital is diversified across all notes in the portfolio.

Do you need to be an accredited investor to invest in the fund?

Yes, you must be an accredited investor to invest in both the ILS Growth Fund I LP and the ILS Income Fund I LP.

Can I invest with an IRA or 401K?

Yes, our funds allow investment through qualified retirement plans. This must be done through a self-directed IRA or 401K. If you don't yet have a self-directed account, we can make introductions to several custodians that we've worked with.

Do your funds generate UBIT?

No, our funds do not generate UBIT but may, on rare occasions, trigger UDFI tax. Please consult your IRA custodian or tax specialist.

How will investing in these funds affect my taxes?

Investors should consult with their trusted accountants and attorneys to ensure they understand all tax implications prior to investing. We will provide each investor with a K-1 form for tax purposes.



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OUR FUND MANAGERS



Tom Berry
Co-Founder & CEO

Tom and Melissa have accumulated a portfolio of over 400 properties including commercial and rental properties. In 2014 He partnered with Donald Sutton to Co-Found Investor Loan Source (ILS) and since that time ILS has closed over 1,900 loans for just over \$900,000,000 in loan volume. In 2018 Donald and Tom launched The ILS Funds to grow their loan volume and allow other passive investors to pool their money and take part in the private lending systems and the team they had built. To date, the ILS funds have raised over \$99,000,000 in investor capital from 29 states and 1 Canadian province.

Tom has a passion for teaching others how to build wealth through real estate and travels all over the country as a highly sought-after speaker to speak at various real estate conventions.



OUR FUND MANAGERS



Donald Sutton

Co-Founder & President

Donald Sutton has spent over 20 years in hard money and asset-based lending, starting with personal real estate investing in single-family rentals and mobile home parks.

After self-directing his IRA, he expanded to the Houston market, lending on single-family rentals and apartments. He began lending as an alternative to the stock market, to get a consistent rate of return on investments for his entire family. His passion is to help people learn about building wealth with their personal finances.





THANK YOU

Questions? Contact us.



ilscapitalfunds.com



979-541-1270



invest@ils.cash



17171 Park Row, Suite 160
Houston, Texas 77084



210 Market St.
El Campo, TX 77437

