

# TAX LIEN FUND

## Investor Guide

2024

# TAX LIEN FUND

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## ABOUT THE TAX LIEN FUND

**Investment Objective:** The Partnership's investment objective is to generate above-market interest and penalty income from the purchase of tax lien certificates and redeemable tax deeds that are selected for a high probability of payment or redemption by the taxpayer or a mortgage holder, and occasional capital gains from the tax lien certificates that proceed to foreclosure or redeemable tax deeds that are not redeemed.

### Targeted Distribution 6% Annual Yield

- Target distribution is 6.00% annual dividend, paid quarterly
- The Fund's target is to achieve low double-digit total returns

### Nearly zero correlation to both equities and fixed income

- 0.03 correlation to equities<sup>1</sup>
- 0.21 correlation to fixed income<sup>1</sup>
- 2022 Fund return was 11.03%; S&P 500 -18.11%; Long-term US Treasury -29.26%

### Potential Positive community impact

- Gives significant relief to distressed homeowners
- Provides funds to cash-strapped local governments
- Improves local property markets

### Offered exclusively to RIAs through Schwab and Fidelity

- Schwab SSID: 75336994
- Fidelity CUSIP: 87699L924

<sup>1</sup> Fund correlation is based on actual Fund performance since inception, May 2021 through December 31, 2023. There is no guarantee that predicted returns will be achieved. All underlying criteria and material assumptions for the targeted distribution; all material limitations of the targeted distribution; and the targeted distribution is forward-looking, does not represent actual performance, there is no guarantee that such distribution will be achieved, and that actual results may vary substantially.

# TAX LIEN FUND

Many investors have never heard about tax lien investing. Yet, tax lien investments may offer investors attractive predictable income, portfolio diversification with near zero correlation to both stocks and bonds, and attractive total return potential.

## What are tax liens?

A tax lien is a legal claim placed on an individual's property when the property owner has not paid their property tax, by the local or municipal government. The local government sells the lien on that property in the form of a Tax Lien Certificate or Redeemable Tax Deed to third-party investors, using the proceeds to pay the delinquent property tax. Both instruments carry mandated interest rates. Property taxes are secured by a statutory lien on the real property that is taxed. These liens are typically superior to a mortgage lien, the rights to subsequent transferees, and many kinds of other liens that can be filed against the property or owners.

## Benefits of Investing

- Secure – tax liens are secured by a legal claim on real property, with priority ahead of other lenders.
- Insulated from rising interest rates – because tax lien interest rates are statutory rates set by local governments, they are not influenced by rising interest rates.
- Interest rates on these certificates range from 4% to 18%, set by state laws.
- Nearly uncorrelated to stock and bond markets – tax lien investments are almost entirely uncorrelated to economic and capital market conditions.

**1 | DIVERSIFY YOUR FIXED INCOME ALLOCATION**

**2 | PROVIDES INTEREST RATE PROTECTION**

**3 | SEEKS ATTRACTIVE TOTAL RETURN**

<b>Interest Class</b>	<b>Minimum Investment</b>
Class F Interests*	\$10,000,000
Class I Interests	\$1,000,000

\*Until the Partnership assets reach \$25,000,000, (the "Initial Offering Period") the Partnership will waive the minimum subscription amount for Class F Interests and accept subscriptions for \$1,000,000 (the "Partnership Founders"). After the Initial Offering Period, Class F Interests minimum subscriptions will be increased to \$10,000,000. Further, any initial contributions from new investors and/or subsequent contributions by Partnership Founders will also be treated as a Class F Interest.

# TAX LIEN FUND

## 1 | DIVERSIFY YOUR FIXED INCOME ALLOCATION

Advisors and investors still remember the sting of 2022 when both fixed income and equity investments were down. The S&P 500 was down 18.11% and the Bloomberg Long Term US Treasury index was down almost 30%. Leaving investors with a lasting question, how do we avoid this trap moving forward?

The Tax Lien Fund is a diversified portfolio of Property Tax Liens that targets an attractive total return and 6.00% annual yield. In addition, the Tax Lien Fund has almost no correlation to fixed income and nearly zero correlation to stocks, as demonstrated in the table below.

### Risk Analysis to Major Markets and Tax Lien Fund<sup>1,2</sup>

	Tax Lien Fund	S&P 500	Bloomberg US AGG	Bloomberg US Tips
<b>Correlation</b>	1.00	0.03	0.21	0.11
<b>R2</b>	1.00	0.00	0.04	0.01
<b>Beta</b>	1.00	0.01	0.09	0.05

1. S&P and S&P 500 are represented by the S&P 500 Index, US AGG is represented by the Bloomberg US Aggregate Bond Index and Bloomberg US TIPS is represented by the Bloomberg US Treasury Inflation-Linked Bond Index. Indexes are unmanaged, do not reflect fees and expenses, and are not available for direct investment. The fund's operating results were impacted during the period from inception to December 31, 2023 by an expense support agreement, under which the general partner reimbursed the fund for certain operating expenses to the extent they exceeded 0.1% in a calendar month (1.2% per annum). Additionally, management fee and some transaction fees were waived in 2022 and 2023. The general partner is entitled to recoup any expense support payments it makes to the extent such operating expenses in a future month are less than 0.1%. The expense support agreement will terminate when the fund dissolves or liquidates, or when the fund reaches \$10M in net asset value. The fund's returns would have been 9.29% in 2023 (YTD) without the expense support agreement. 2. Tax Lien Fund LP commenced operations on April 13, 2021. The Fund's May 2021 return represents the period of April 13, 2021 through May 31, 2021.

# TAX LIEN FUND

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## 2 | PROVIDES INTEREST RATE PROTECTION

Since 1926 a 2% rise or more in interest rates has caused significant drawdowns in bond returns. The Tax Lien Fund has almost no correlation to fixed income.

Tax lien investing stands as a bastion of stability in the ever-fluctuating world of investment returns, primarily due to the statutory nature of the interest rates associated with tax liens. When governments legislate the interest rates that delinquent taxes accrue, they set a fixed rate of return that investors can expect, immune to the whims of market interest fluctuations. This legal determination of rates provides a shield against the volatility commonly associated with other interest-bearing investments, where rates may swing with the prevailing economic winds. As such, tax lien certificates offer a predictable yield, predetermined by law, offering a degree of protection and certainty for investors seeking refuge in the stability of these legal mandates. This protection is particularly alluring in times of economic uncertainty, where traditional markets may offer lower yields, making tax lien investing an attractive harbor for those looking to safeguard their investment's growth potential against the ebb and flow of market-driven interest rates.

# TAX LIEN FUND

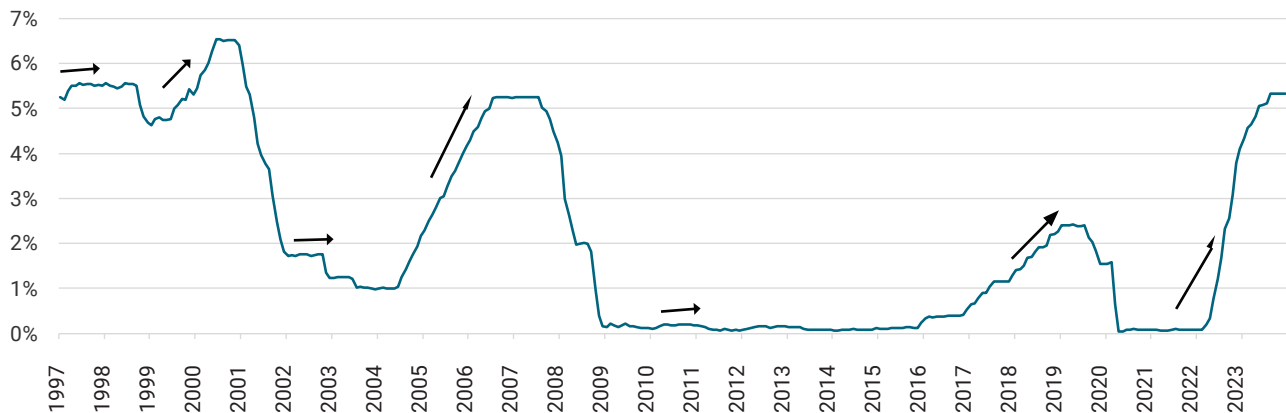
## 2 | PROVIDES INTEREST RATE PROTECTION (CONTINUED)

Beginning in March of 2022 through July of 2023, the Federal Reserve increased interest rates a total of eleven times to stamp out soaring inflation. Moving the target rate from 0.25-0.5% to 5.25-5.50%. See the graph below.



Meeting date	Rate change	Target range
March 15-16, 2022	+25 basis points	0.25-0.5 percent
May 3-4, 2022	+50 basis points	0.75-1 percent
June 14-15, 2022	+75 basis points	1.50-1.75 percent
July 26-27, 2022	+75 basis points	2.25-2.5 percent
Sept. 20-21, 2022	+75 basis points	3-3.25 percent
Nov. 1-2, 2022	+75 basis points	3.75-4 percent
Dec. 13-14, 2022	+50 basis points	4.25-4.5 percent
Jan. 31-Feb. 1, 2023	+25 basis points	4.5-4.75 percent
March 21-22, 2023	+25 basis points	4.75-5 percent
May 2-3, 2023	+25 basis points	5-5.25 percent
July 25-26, 2023	+25 basis points	5.25-5.5 percent

Source: Fed's board of governors



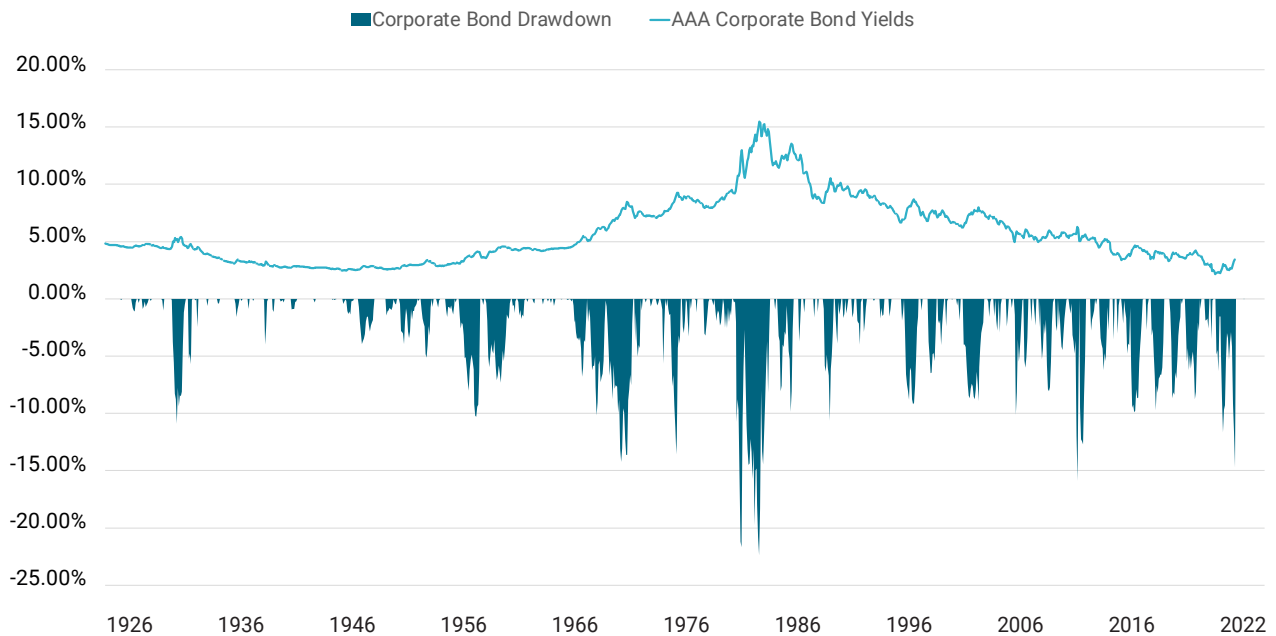
Time Period	10/1997 - 01/1998	10/1998 - 07/1999	12/2000 - 06/2002	11/2002 - 05/2003	06/2003 - 02/2004	12/2006 - 01/2007
	08/2007 - 03/2010	12/2010 - 02/2012	08/2013 - 12/2013	06/2019 - 07/2021	11/2021 - 03/2022	

Source: FRED Economic Data - Federal Funds Effective Rate

# TAX LIEN FUND

## 2 | PROVIDES INTEREST RATE PROTECTION (CONTINUED)

### Bondholder Drawdowns When AAA Bond Rates Rose by +2% OR MORE January 1926 - March 2022



Source: FRED, Federal Reserve Economic Data, from the Federal Reserve Bank of St. Louis. Morningstar. Drawdowns: IA SBBI Long Term US Corporate Bond Index. Bond Rates: Moody's Seasoned Aaa Corporate Bond Yield. Index returns are provided for illustrative purposes only to demonstrate a hypothetical investment vehicle using broad-based indexes of securities. Returns do not represent any actual investment. Past performance is no guarantee of future results. The illustrations are not intended to predict the performance of any specific investment or security. The unmanaged indexes do not reflect fees and expenses and are not available for direct investment.

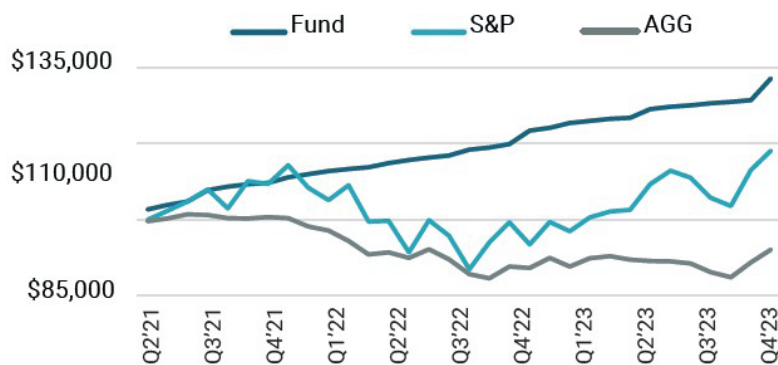
# TAX LIEN FUND

## 3 | SEEKS ATTRACTIVE TOTAL RETURN

### Fund Performance<sup>1,2</sup>

NET RETURNS		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	Class I				-	3.41%	1.12%	0.86%	2.87%	0.90%	0.55%	0.33%	1.36%	11.93%
2022	Class I	0.66%	0.73%	0.48%	0.46%	0.95%	0.68%	0.57%	0.49%	1.30%	0.44%	0.78%	2.99%	11.03%
2023	Class I	0.57%	0.97%	0.45%	0.45%	0.25%	1.75%	0.53%	0.26%	0.39%	0.29%	0.34%	4.38%	11.08%

### Growth of \$100,000 vs S&P and US AGG<sup>1,2</sup>



The Tax Lien Fund has the ability to make money three ways.

- High interest rates that are statutory rates set by local governments
- Penalties
- Potential acquisition of property

1. S&P and S&P 500 are represented by the S&P 500 Index, US AGG is represented by the Bloomberg US Aggregate Bond Index and Bloomberg US TIPS is represented by the Bloomberg US Treasury Inflation-Linked Bond Index. Indexes are unmanaged, do not reflect fees and expenses, and are not available for direct investment. The fund's operating results were impacted during the period from inception to December 31, 2023 by an expense support agreement, under which the general partner reimbursed the fund for certain operating expenses to the extent they exceeded 0.1% in a calendar month (1.2% per annum). Additionally, management fee and some transaction fees were waived in 2022 and 2023. The general partner is entitled to recoup any expense support payments it makes to the extent such operating expenses in a future month are less than 0.1%. The expense support agreement will terminate when the fund dissolves or liquidates, or when the fund reaches \$10M in net asset value. The fund's returns would have been 9.29% in 2023 (YTD) without the expense support agreement. 2. Tax Lien Fund LP commenced operations on April 13, 2021. The Fund's May 2021 return represents the period of April 13, 2021 through May 31, 2021.



# TAX LIEN FUND

## 3 | SEEKS ATTRACTIVE TOTAL RETURN (CONTINUED)

### Performance Statistics<sup>1,2</sup>

May 2021 - December 2023	Tax Lien Fund	S&P 500	Bloomberg US Aggregate	Bloomberg US TIPS
<b>Return</b>	12.85%	6.72%	-2.76%	-1.08%
<b>Cumulative Return</b>	38.05%	18.95%	-7.19%	-2.87%
<b>% of Months Up</b>	100.00%	59.38%	37.50%	50.00%
<b>% of Months Down</b>	0.00%	40.63%	62.50%	50.00%
<b>Best Month</b>	4.38%	9.22%	4.53%	4.35%
<b>Worst Month</b>	0.25%	-9.21%	-4.32%	-6.62%
<b>Max Drawdown</b>	0.00%	-23.87%	-16.59%	-13.61%
<b>Standard Deviation</b>	3.48%	18.21%	7.60%	7.50%

### Risk Analysis to Major Markets<sup>1,2</sup>

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# TAX LIEN FUND

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## FUND INVESTMENT STRATEGY

A targeted approach prioritizing tax lien certificates with a high likelihood of redemption, focusing on stable interest income while minimizing the need for foreclosure processes.

### Objective & Focus:

- Generate above-market returns primarily through interest and penalty income from tax lien certificates with a high probability of redemption.

### Investment Approach:

- Prioritize tax lien certificates assessed against real property with a strong probability of payment or redemption.
- Leveraging first lien position, superior to mortgages, ensuring secure investment.
- Interest rates on these certificates range from 4% to 18%, set by state laws.
- Participation in both Tax Lien Certificate States and Redeemable Tax Deed States.
- Capital gains from foreclosure as a secondary, less frequent outcome.

### Underwriting and Due Diligence:

- Rigorous criteria and grading system (A, B, C) to help identify certificates with high redemption potential.
- Review of the official property appraisal records, changes in valuation of land and improvements on the property.
- Review of tax collector records, previously issued liens, paid and past due amounts.
- Review of market price, including recent and historical purchase transactions.
- Additional steps may also include the review of court records and database searches on the property owners

### Post-Acquisition Management:

- Continuous monitoring and management to maintain good standing of tax lien certificates.
- Steps involve registration, legal actions, and property management as necessary.

# TAX LIEN FUND

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## INVESTMENT TEAM



### **Joanne Musa, *Co-Chief Investment Officer***

Joanne is a world-renowned Tax Lien Expert with over 20 years of tax lien investing training and tax lien industry consulting experience. She helped thousands of private investors to build their tax lien portfolios. She authored many works on tax lien and tax deed investing, including the book titled "Tax Lien Investing Secrets". Joanne has been featured in multiple magazines, wealth building and real estate investing podcasts.



### **Victor Vilmont, *Co-Chief Investment Officer***

Victor Vilmont, Co-Chief Investment Officer of the Fund. Mr. Vilmont is a veteran tax lien investor and a passionate financial technology innovator. He attended his first tax lien sale in 2008 and a year later developed an early concept of the tax lien digital exchange platform. Victor is an original founder of the Fund and the investment process utilizing the tools and data sources of the UEI platform. Victor graduated from University of Wales (Cardiff) with a Master's in Business Administration and Investment Management.



### **Mitch Davis**

Mitch Davis has extensive experience in startup development and a long track record of entrepreneurial success. Mitch founded the world's first and largest in-game advertising network which was sold to Microsoft for an estimated \$200m. He also started Live Gamer Inc., sold to Autodesk.



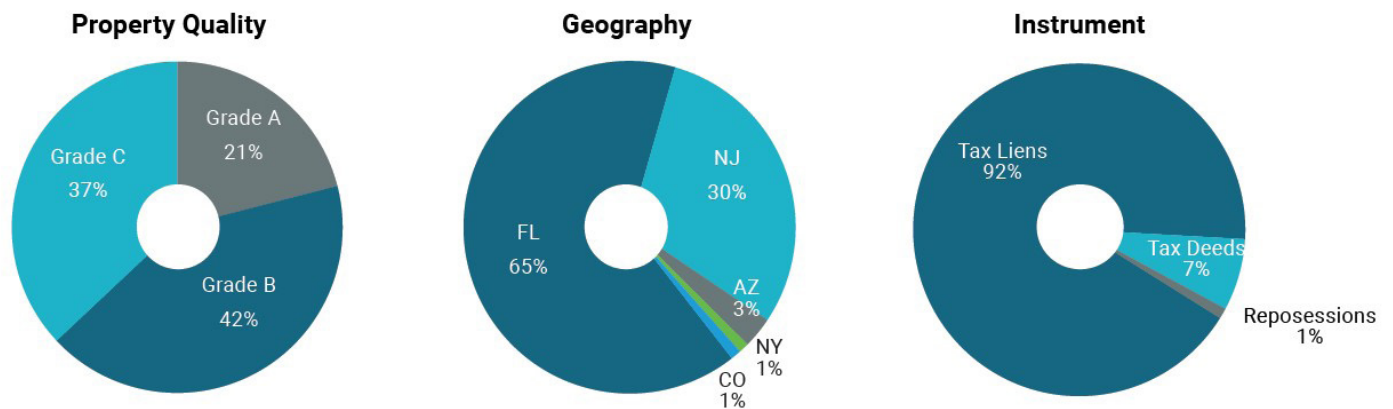
### **Mike Hotchkiss**

Mike has over thirty years of experience in the Institutional and International Investment Management industry. His experience covers small single strategy boutiques and large global multi-strategy investment firms. Mike most recently was the Managing Director of Client Relations at Sands Capital Management.

# TAX LIEN FUND

## FUND PORTFOLIO STRATEGY

A targeted approach prioritizing tax lien certificates with a high likelihood of redemption, focusing on stable interest income while minimizing the need for foreclosure processes.



\* The Fund expects to make most initial investments in Tax Liens, not Tax Deeds. Chart represents the percentage of Tax Liens that become Tax Deeds and ultimately repossessions based on the Investment Manager's experience in the targeted jurisdictions, as well as the targeted mix of Tax Liens by class. There can be no guarantee these targeted allocations will be achieved.

# TAX LIEN FUND

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## PROPERTY QUALITY AND INTEREST RATES

Typically, the lower property quality grades pay higher lien interest. Property grades reflect condition, location and lien-to-value risk for the property.

	Return vs Quality of Asset		
Property Grade	A	B	C
Target Portfolio Mix	20%	40%	40%
Tax Lien Interest Rate*	6% - 8%	9% - 11%	15% - 18%

\* Tax Lien Interest Rate reflects the range of rates realized in tax lien certificate auctions based on the Investment Manager's experience in the targeted jurisdictions for each class of property.

- **Proprietary fintech platform**, designed specifically to optimize transactions in the tax lien markets
- Seeks to **enhance transaction efficiency**, precise selection of tax liens, and scalability
- **Competitive differentiator within the niche market of tax lien investing**



### Made Simple To Understand

A solution which makes it easy to see, navigate and understand tax liens. With so many complex and different rules in each state, county, municipality our platform normalizes and simplifies the process for investors.



### Speed and Automation

UE delivers an application powered by intelligent automation and self-learning AI for tax lien auction listings, bidding, trading, and the management of your tax lien portfolio.

## Tax Lien Marketplace

✓ Secondary market price determined by average of ask for all units in the lien.

✓ Liens are split into fraction units similar to company shares.

✓ Full information on property backing the tax lien.

### TAX LIEN

Available quantity: **10** (10%) out of 100

<i>Issue Date: 30-May-2019</i>	Guaranteed unit value	Estimated if redeems today	Estimated at foreclosure
<i>End Date: 30-May-2026</i>	\$ 10.64	\$ 14.25	\$ 1 250.00

Country USA	Lien price	\$ 1 064.35	Current Interest	5% / year
Property House	Property value	\$ 250 000.00	Additional tax	\$ 0.00
Location Windermere, FL	Final bid at tax sales	\$ 125 000.00	Potential value	if foreclosed <b>\$ 125 000.00</b> if redeemed <b>\$ 1 425.45</b>
	Redemption time left	15 months		

Current unit price  
**USD 15.5**

Number of units

✓ Property value updated in real-time.

✓ Trading engine enables to buy or sell units in tax lien.

✓ Redemption and foreclosure real-time projections.

# Fund Terms

**Investment Objective** Generate above-market interest and penalty income from the purchase of tax lien certificates and redeemable tax deeds that are selected for a high probability of payment or redemption by the taxpayer or a mortgage holder, and occasional capital gains from the tax lien certificates that proceed to foreclosure or redeemable tax deeds that are not redeemed.

The Tax Lien Fund is a portfolio of US Property Tax Liens and Redeemable Tax Deeds diversified by geography, property types and categories.

<b>Annual Income</b>	<b>6.00% Annual Dividend, Paid Quarterly</b>
<b>Manager</b>	<b>Tax Lien Performance, LLC</b>
<b>Structure</b>	<b>Delaware Limited Partnership; 3(c)5 applicable to Real Estate securities</b>
<b>Term</b>	<b>Evergreen</b>
<b>Subscriptions</b>	<b>Monthly</b>
<b>Lock-Up</b>	<b>Two Years</b>
<b>Investor Qualifications</b>	<b>Accredited Investor</b>
<b>Redemptions</b>	<b>Quarterly (after initial Lock-Up Period) with 90 days notice</b>
<b>Disposition Fee</b>	<b>7% of gross proceeds of repossessed property sales</b>
<b>Schwab SSID:</b>	<b>75336994</b>
<b>Fidelity CUSIP:</b>	<b>87699L924</b>

	<b>Class F Interest</b>	<b>Class I Interest</b>
<b>Advisory Firm Minimum Investment</b>	\$10,000,000*	\$1,000,000*
<b>Fund Denomination Minimum Investment</b>	\$50,000 initial; \$10,000 subsequent	\$50,000 initial; \$10,000 subsequent
<b>Management Fee</b>	1.25%	1.75%
<b>Incentive Fee</b>	15% above preferred return	20% above Preferred Return
<b>Preferred Return</b>	6.00%	6.00%

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# Disclosures

These important disclosures apply to this document and the verbal or written comments of any person presenting it. This document, taken together with any such verbal or written comments, is referred to herein as this "Material." Investing in Tax Lien Fund, LP (the "Fund"), or any investment product made available through Tax Lien Performance, LLC ("TLP") or any of its affiliates, involves a high degree of risk. Prior to investing, investors must familiarize themselves with the Fund's offering materials and be prepared to absorb the risks associated with any such investment. The Fund is illiquid and investors must be able to withstand the loss of some or all of their investment.

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**NOT SUITABLE FOR ALL INVESTORS.** An investment in the Fund is not suitable for all investors. An investment in the Fund is only suitable for financially sophisticated investors who meet certain eligibility criteria as defined in the Memorandum.

