

# 1Sharpe Opportunity Fund

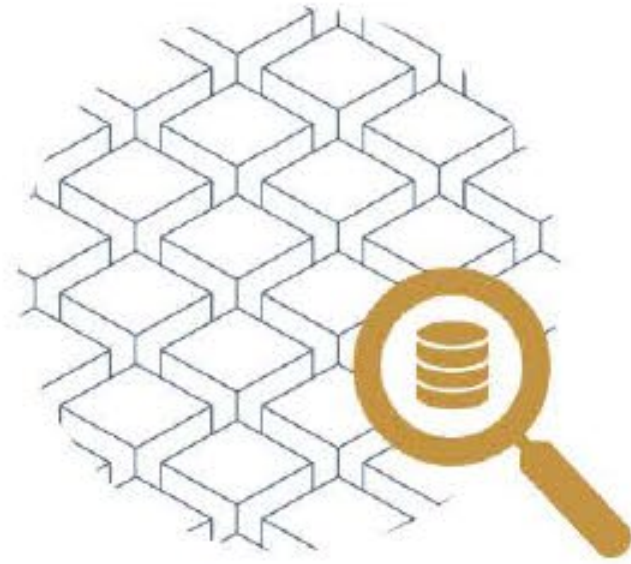
City of Gainesville, State of Florida  
Board of Trustees, Consolidated Police Officers' and Firefighters' Pension Plan

September 2021

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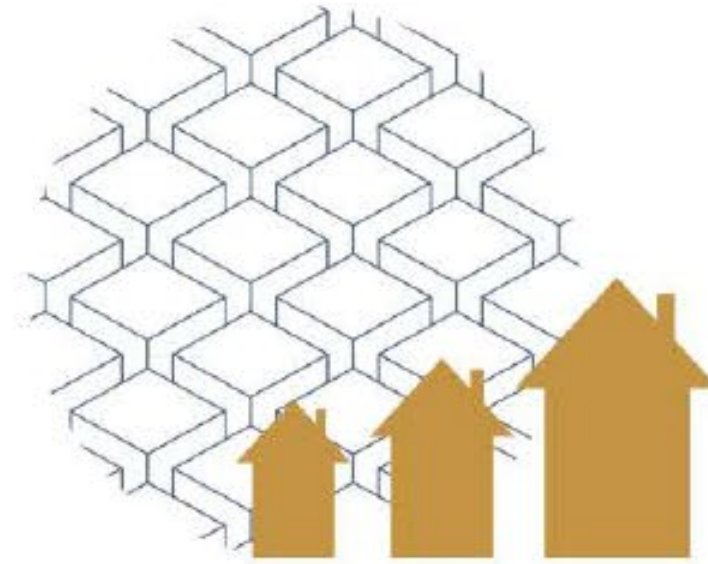
**1** | SHARPE

## Our Strategies



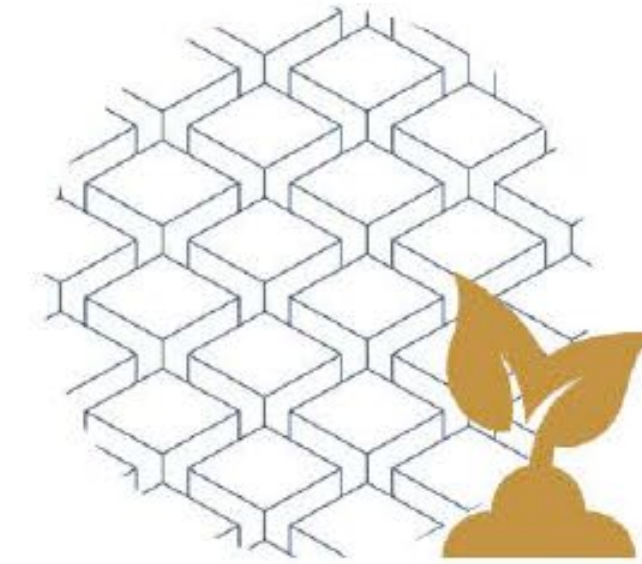
### Credit

We meticulously identify and invest in gaps in bank financing across the globe.



### Housing

We seek to unlock value in undiscovered, fragmented segments of the real estate industry.



### Venture

We back early-stage entrepreneurs with capital, expertise and operational support.

## 1Sharpe Opportunity Fund

- \$1.5 billion in AUM
- Targets net returns of Treasury Bills + 400-500
- Invests primarily in 12-month, 1<sup>st</sup> mortgages on residential properties

### Safety

- **65% Loan To Repair Value, 1st Lien Mortgages** on single & multifamily properties
- Asset class has <25bps of historical losses
- 1-2yr maturity, limited mark-to-market volatility
- Low correlation with other asset classes

### Yield

- Real estate backed bridge loans typically offer investor yields in excess of 6%
- Compares favorably with:
  - High yield corporates between 3-4% (1-2% after credit losses)
  - 10yr Treasuries yield ~1.3%

### Liquidity

- Short duration instruments, loans payoff in 8 months on average
- **Target 10% of principal returned every month**
- **No forced selling** – maturity is more certain than a bid from the market

## Fund Performance

### 1SOF Monthly Performance Since Inception (%)<sup>1</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1SOF YTD	BM YTD <sup>2</sup>
<b>2017</b>	-	-	-	-	-	-	-	-	-	0.39	0.35	0.48	1.23	0.26
<b>2018</b>	0.36	0.42	0.50	0.58	0.58	0.58	0.56	0.63	0.55	0.57	0.58	0.55	6.65	1.89
<b>2019</b>	0.54	0.48	0.47	0.56	0.64	0.60	0.59	0.55	0.49	0.53	0.55	0.58	6.76	2.30
<b>2020</b>	0.61	0.43	(0.43)	0.51	0.38	0.63	0.52	0.56	0.67	0.45	0.43	0.88	5.79	0.69
<b>2021</b>	0.45	0.45	0.54	0.45	0.44	0.50	0.51	-	-	-	-	-	3.39	0.02

### Performance and Risk Statistics (%)<sup>1</sup>

	1 Mo. Return	3 Mo. Return	1 Yr. Return	Ann. 3 Yr. Return	Ann. 5 Yr. Return	Ann. ITD Return <sup>3</sup>	Ann. ITD Volatility <sup>3</sup>	Ann. ITD Sharpe Ratio <sup>3</sup>
<b>1SOF</b>	0.51	1.46	6.52	6.23	-	6.23	0.58	8.38
<b>Barclays 3mo Treasury Bellwether Index</b>	0.00	(0.01)	0.08	1.30	-	1.35	0.30	-

<sup>1</sup> Performance shown net of fees and expenses as of July 31, 2021

<sup>2</sup> Benchmark is the Bloomberg Barclays 3-month Treasury Bellwether Index

<sup>3</sup> Inception to date statistics calculated using the performance of the Fund from the Fund's first month of operation, October 2017

## Residential Bridge Loans

Originating bridge loans has been unattractive to banks due to:

- Short maturity
- Operationally intensive
- Small loan size
- High touch servicing
- Difficult to find quality borrowers in scale: requires experience, relationships, diligence, and resources

Which has created a fractured market that is:

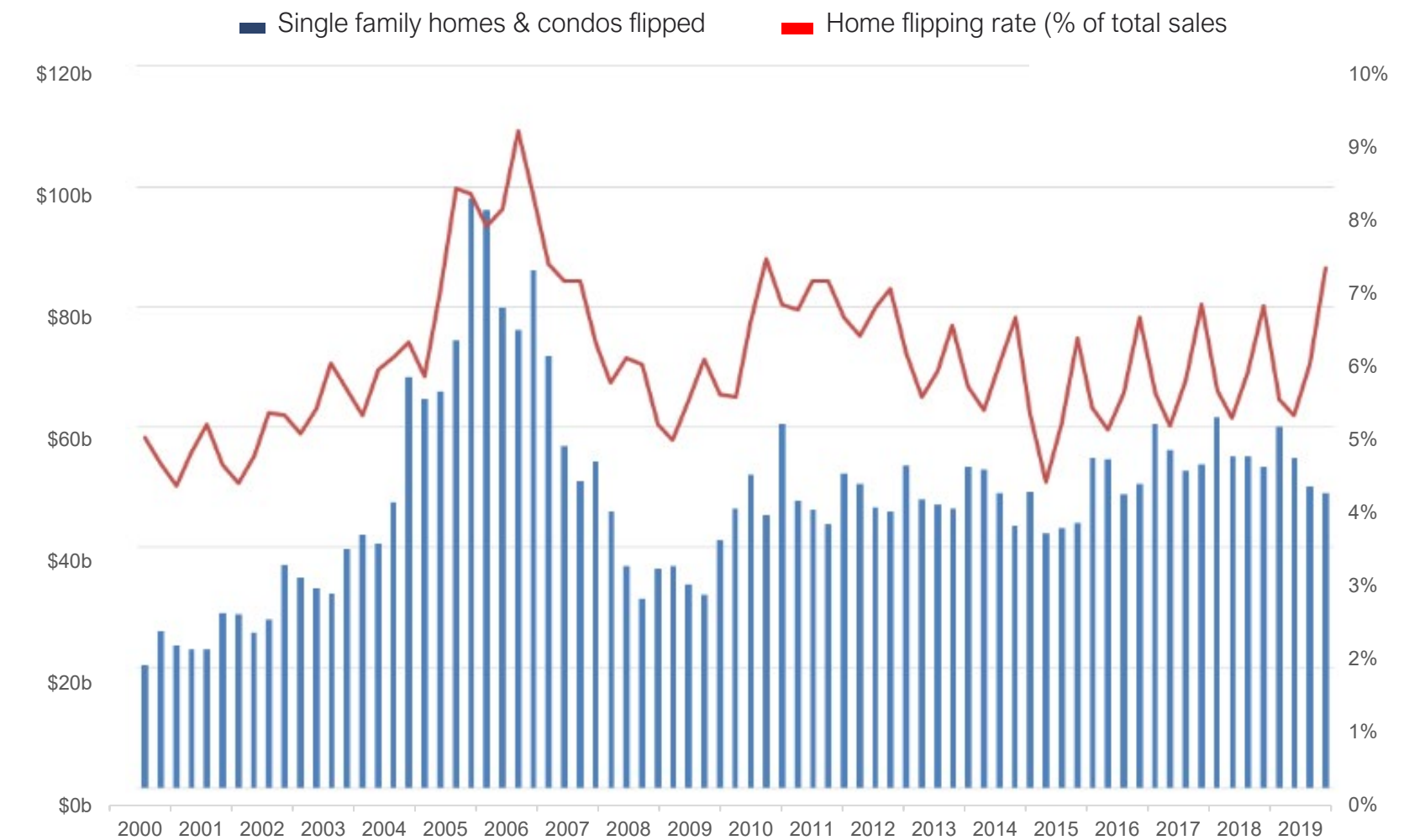
- Highly regionalized
- Difficult to scale
- Often venture-backed

★ 1Sharpe Team originated more than \$500M in residential bridge loans between 2011 and 2015

★ 1Sharpe purchased more than \$5.0B in residential bridge loans since inception

(1) Source: 1Sharpe & Attom Data. Shown for illustrative purposes only. As of July 31, 2021.  
Note: actual loan characteristics will vary from these general metrics

Market Size:  
Roughly \$40bn/year

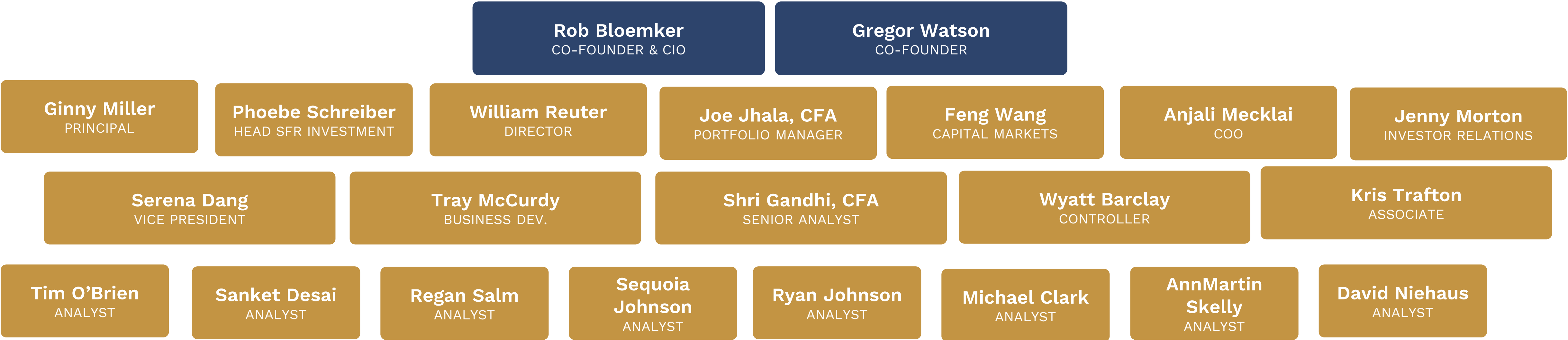


### Lending/Investing Economics<sup>1</sup>

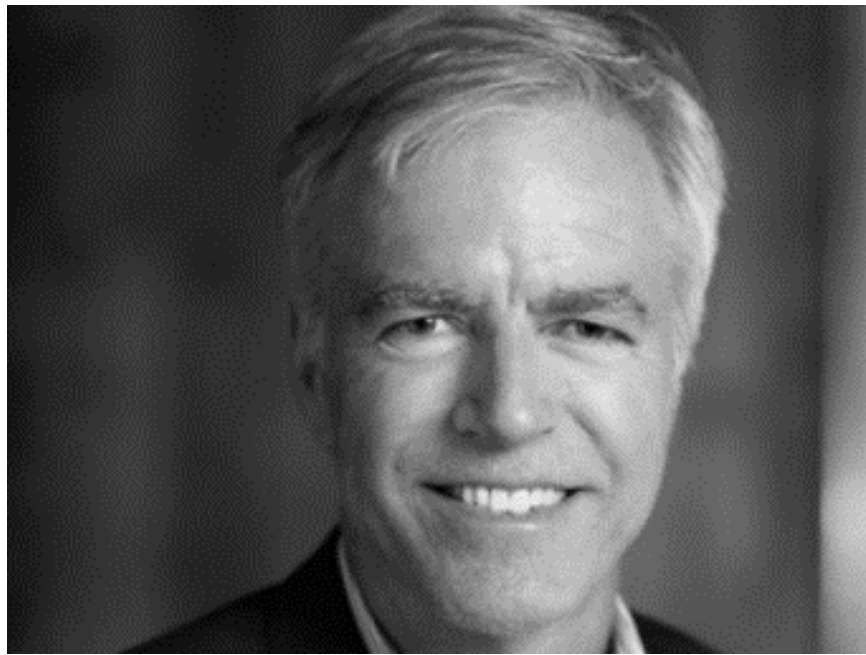
Loan-to-Cost	76%
Loan-to-Value	64%
Average life of loan	8 months
Average rate	7.5%
Median loan size	\$281k



# Organizational Chart

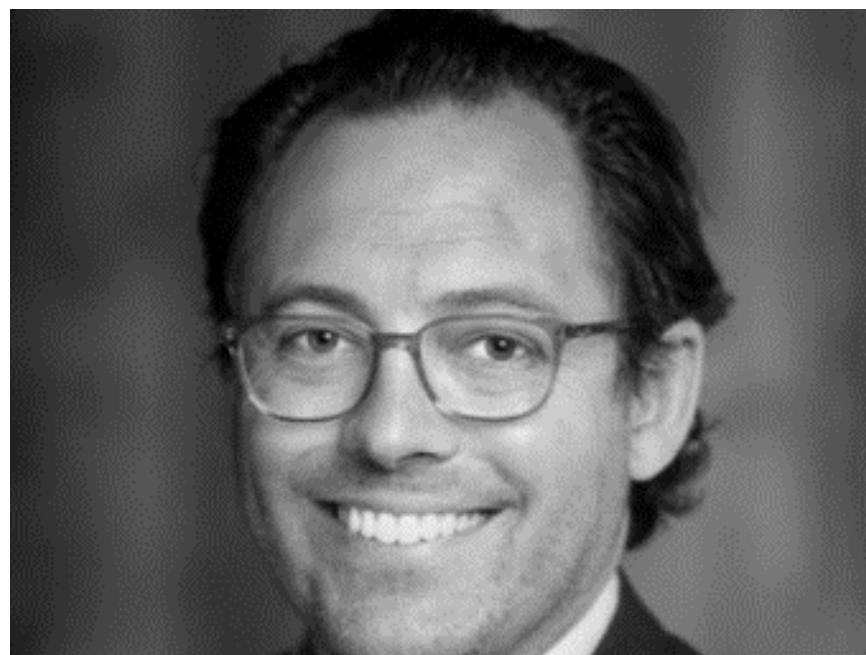


## Founder Bios



**Rob Bloemker**  
Cofounder & CIO

Rob leads 1Sharpe's Investment Committee and is a member of its Operating Committee. Rob was instrumental in designing the firm's investment strategy and has been actively involved in strategic loan and real estate investments since 2016. Before cofounding 1Sharpe, Rob spent nearly 30 years investing in bonds, loans, and real estate. Most recently he was a Portfolio Manager at Cerberus Capital Management within their \$5 billion mortgage hedge fund. Prior to Cerberus, Rob cofounded Dwell Finance, a lender to investors of single-family homes, which originated over \$500mm in loans and was sold to B2R, a unit of Blackstone, as well as Five Ten Capital where he raised, invested, and successfully liquidated three private equity funds that acquired, renovated, and managed 6,000 single family rental homes across the United States. He spent 12 years at Putnam where he was Head of Fixed Income overseeing \$60 billion in assets and cofounded the firm's absolute return and hedge fund strategies. His career began in the mortgage divisions of Salomon Brothers and Lehman Brothers. Rob is a graduate of Washington University, in St. Louis.



**Gregor Watson**  
Cofounder

Gregor is a member of 1Sharpe's Investment and Operating Committees, leads many strategic investments for 1Sharpe, and generates substantial investment opportunities through his network of real estate operators, real estate lenders and real estate entrepreneurs. Prior to co-founding 1Sharpe, Gregor co-founded and is Chairman of Roofstock, an online marketplace for single family rental homes backed by Khosla Ventures and Bain Capital. He is the founder of 643 Capital, a Real Estate Private Equity firm that has acquired, renovated and managed over 5,000 homes across the U.S. under its operating brand, StreetLane Homes. He also co-founded Dwell Finance, a lender to investors of single-family homes, which originated over \$500mm in loans and was sold to B2R, a unit of Blackstone. Gregor spent the early part of his career purchasing and developing land and apartments throughout California and is a graduate of Regis University in Denver.

## Select Team Bios

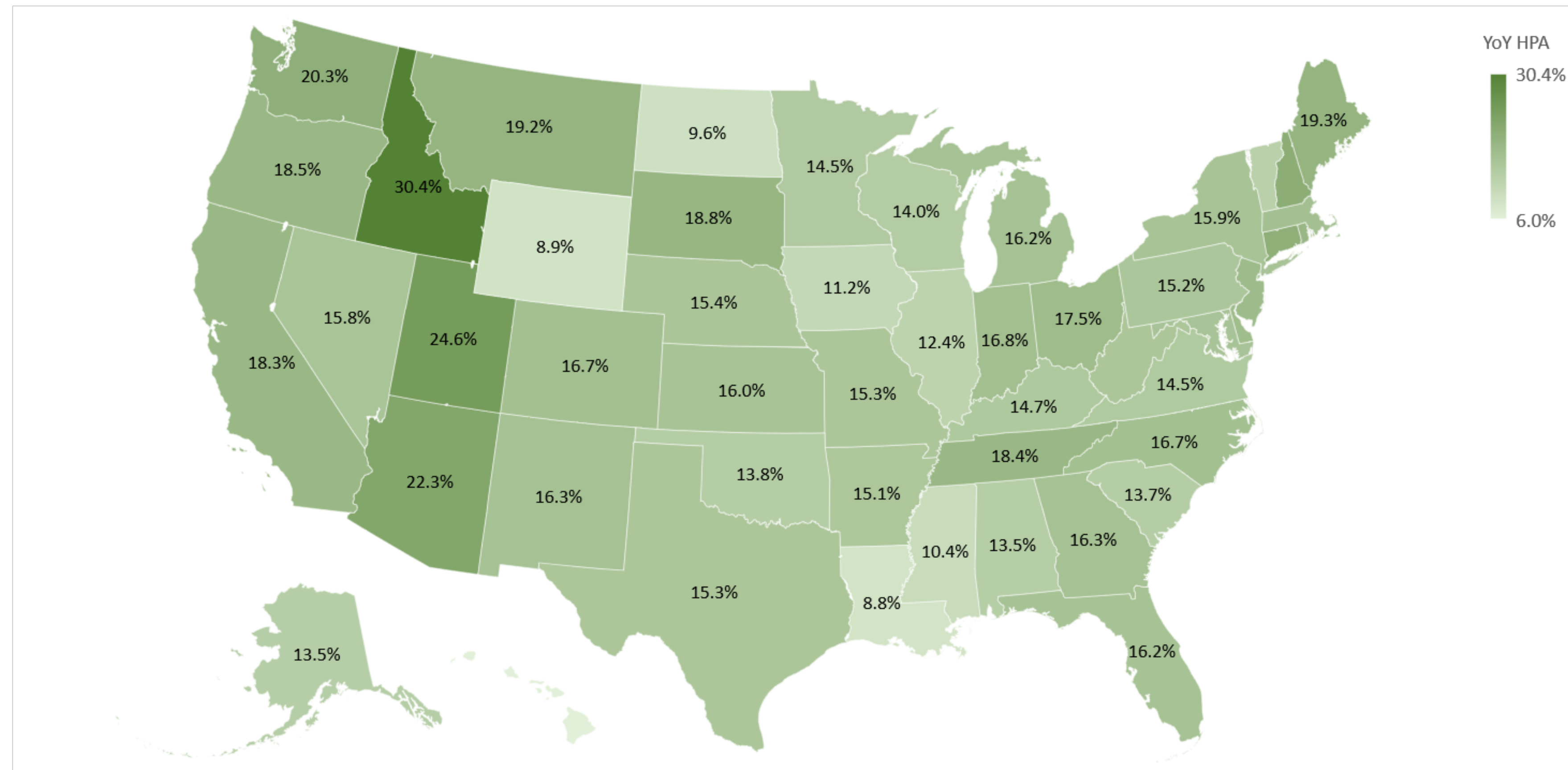
<b>Joe Jhala, CFA</b> Portfolio Manager	Joe is a Portfolio Manager at 1Sharpe focused on investments in residential mortgage-backed securities, REIT's, and mortgage loans. Prior to 1Sharpe, Joe was a mortgage and global macro portfolio manager at Mariner Investment Group. Additionally, he has had similar roles at BlackRock and Barclays Global Investors within their Fixed Income group. Joe graduated from the University of Southern California and is a CFA Charterholder.
<b>Feng Wang</b> Head of Capital Markets	Feng leads 1Sharpe’s capital markets efforts and aids the team in growing it’s asset acquisition channels. Prior to 1Sharpe, Feng was a founding executive and co-head of capital markets and risk at LendingHome, one of the nation’s largest bridge loan originators and served on the Investment Committee of LHOF II. Prior to LendingHome, Feng was Vice President of the mortgage investment team at Cerberus Capital Management. Feng is a graduate of Cornell University.
<b>Anjali Mecklai</b> COO & CCO	Anjali Mecklai is the COO and CCO of the 1Sharpe Capital, LLC and is a member of the Operating and Valuation Committee. Prior to 1Sharpe, Anjali held various leadership positions at LendingHome and OneWest (IndyMac) Bank across finance, treasury, capital markets and operations. Anjali started her career in New York at Deloitte and subsequently Deutsche Bank’s structured finance practices. Anjali is a graduate of University of California, Los Angeles.
<b>Jenny Morton</b> Director	Jenny heads Investor Relations. Prior to joining 1Sharpe Jenny had a 30 year career in investment management sales as the Head of Global sales teams. Most recently she was with Angelo Gordon. Prior firms were Man Investments, Putnam Investments, Fidelity Investments and Boston Partners Asset Management, where she was a founding partner. She has worked with pension plans, endowments, foundations, and investment consultants all over the world. She recently returned to the United States from living in England and Japan for nearly 20 years. Jenny graduated from the University of Michigan with a degree in computer science.
<b>Tray McCurdy</b> Business Development	Tray is a business development associate at 1Sharpe focused on strategic partnerships with loan originators and Limited Partners. Prior to 1Sharpe, Tray was head of capital formation at LendingHome’s investment management arm. Prior to LH, Tray was an investor relations associate at Pantheon Ventures. Tray started his career in Deutsche Bank’s investment banking analyst program. He holds an MS in finance from University of Maryland and BS in finance from Tulane University.



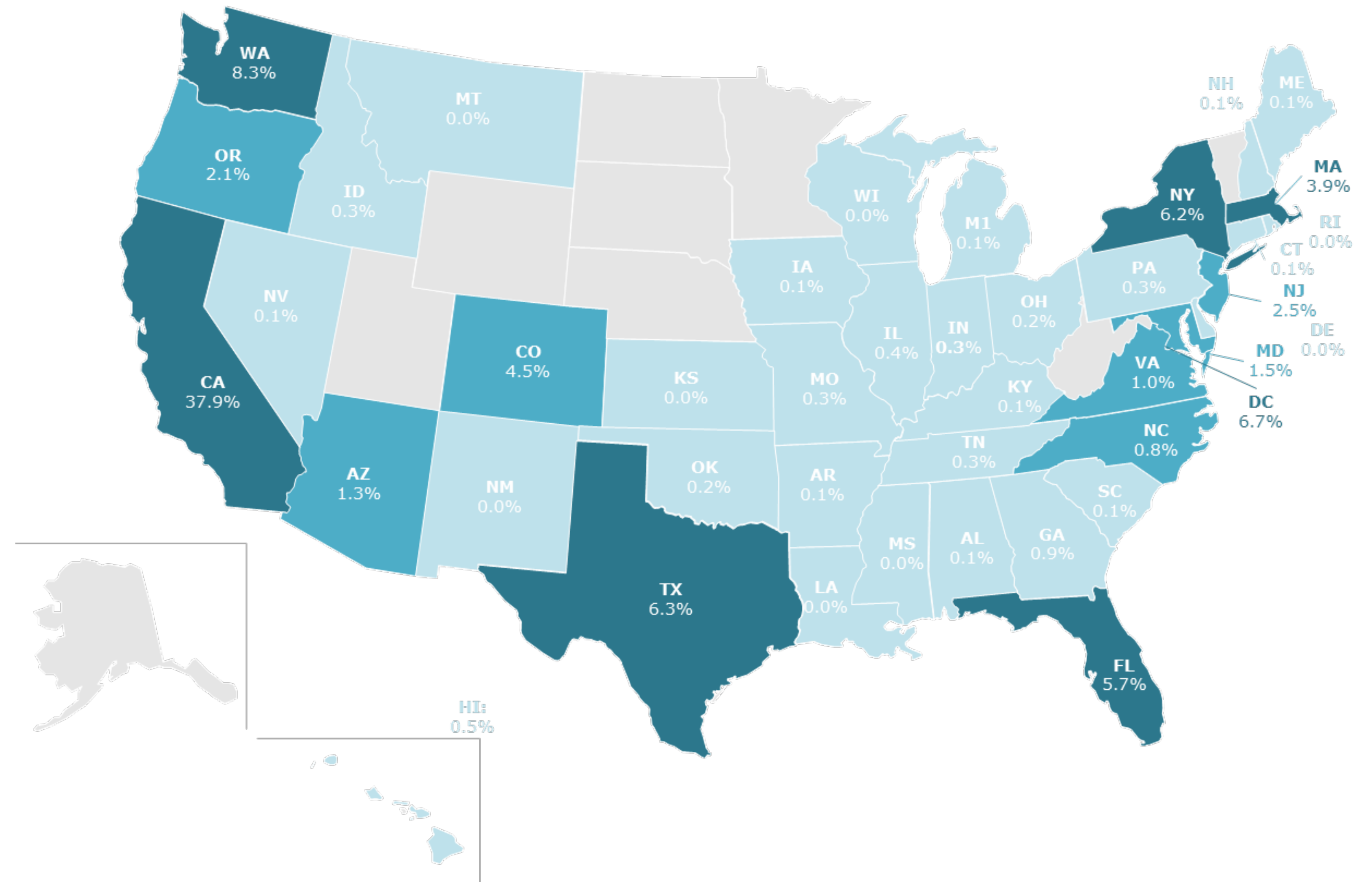
# Appendix

## Home Price Appreciation 2021

- Nationally, median home prices increased **18.6% YoY** through June 2021
- Supply constraints, shifting priorities, low mortgage rates, and stimulus were key drivers of performance in 2020, and bring strong tailwinds to 2021



**UK**  
6.4%



Note Geographic breakdown based on bridge loan portfolio UPB as of July 31, 2021



# Bergenfield, NJ

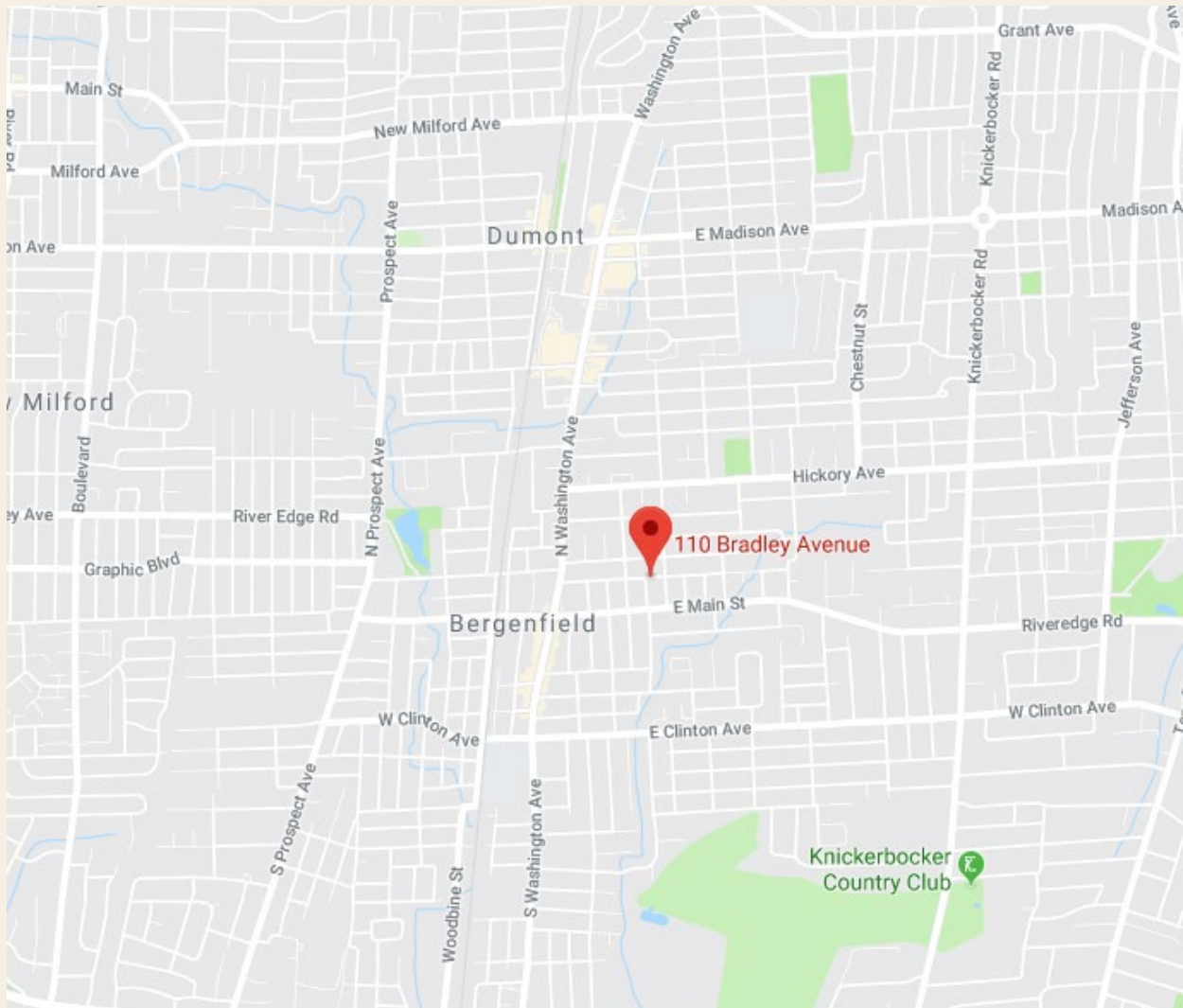
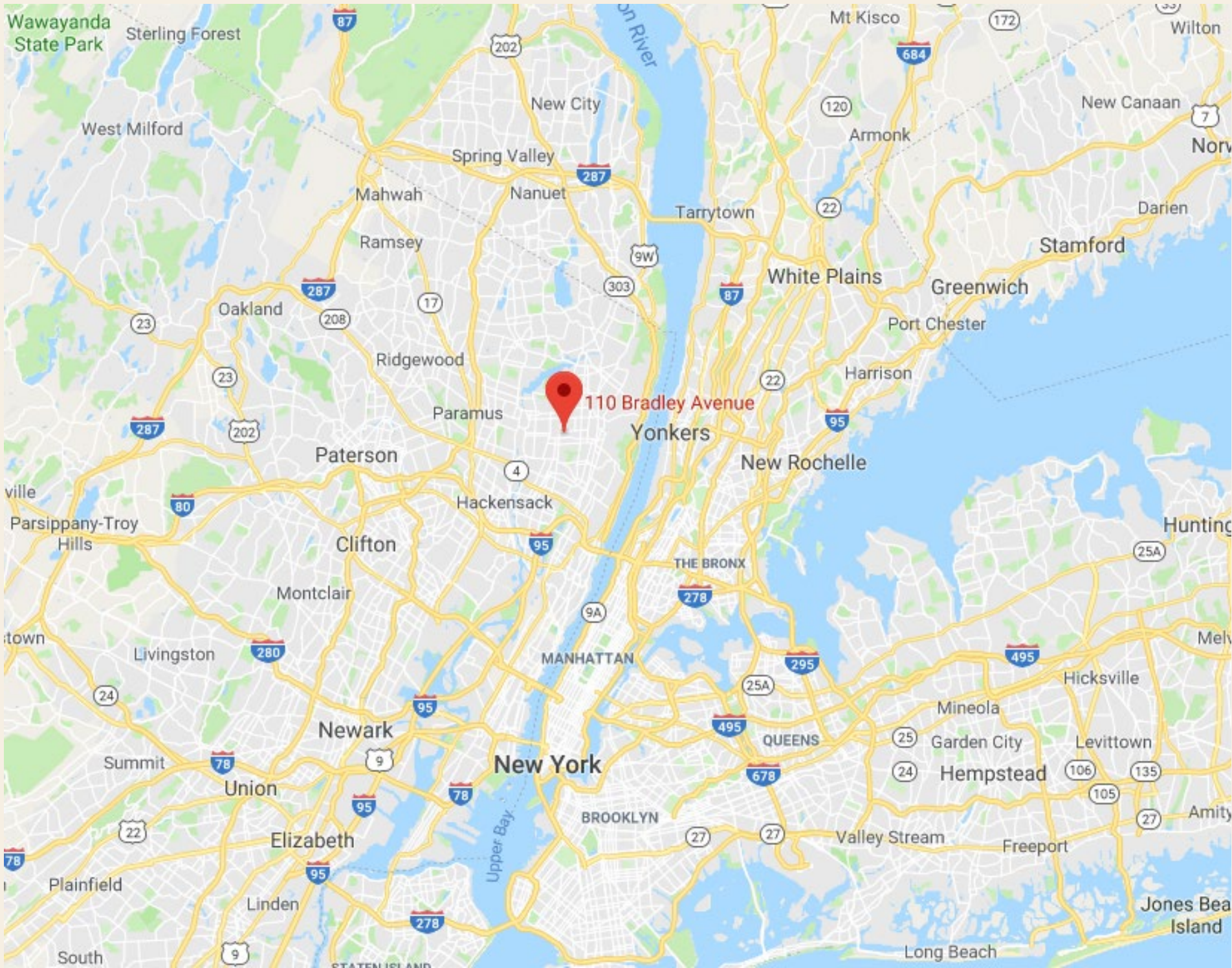
## Local Summary

Population	28,000
Median Household Income	\$91,000
Median Home Value	\$407,000
Average Rent	\$2,000
Average Days on Market	44 days
Average Commute Time	33 minutes

Source: NeighborhoodScout, realtor.com

110 Bradley Avenue, Bergenfield, NJ 07621

- Purchase and rehab loan
- 3br, 3ba
- 1,500 sqft
- Experienced developer with 8+ completed projects





# Bergenfield, NJ

## Purchase Characteristics

Purchase Price	\$176,000
Construction Budget	\$149,975
<b>Total Project Cost</b>	<b>\$325,975</b>
Appraised After Repair Value	\$450,000
1Sharpe Purchase Date	12/26/2018

## Loan Characteristics

Initial Loan	\$130,025
Rehab Holdback	\$149,975
<b>Total Loan Amount</b>	<b>\$280,000</b>
Loan to Cost	86%
Loan to Appraised After Repair Value	62%
Loan Term	9 months

## Exit Characteristics

List Price	\$499,000
Sale Date	09/19/2019
Sale Price	\$535,000
Realized Loan to Sale Value	52%
Duration	9 months

## Acquisition



## Sale





## 1Sharpe Investment Process

1Sharpe has a rigorous investment process that relies on high quality business partners with the goal of creating a **systematic, scalable, repeatable**, and **iterative** investment framework



# 1Sharpe

## Originator Underwriting

1Sharpe has an operational and risk-based approach to finding the highest quality business partners and places an emphasis on stable originators with a strong credit background and efficient and scalable operational processes.

### Track Record

- Lending experience
- Origination volume
- Historical credit experience
- Sources of liquidity and capital
- Regional exposure

### Operations

- Organizational and team structure
- Underwriting process for both borrower and property
- Servicer review
- Assess the reporting capabilities
- Credit requirements

### Compliance Legal

- Regulatory & legal background checks on principals and related entities
- Licensing verification
- Credit check on principals and related entities

### Qualitative Criteria

- Assess originators understating of the full spectrum of the residential investing and financing space
- Determine the originators ability to assess risks in the residential investing and financing space and how to mitigate them

# ESG update

Annual engagement plan	<ul style="list-style-type: none"><li>Plan is in place to formally engage ~10 origination partners in Q3</li><li>Engagements entail ESG questionnaire, conversation around how each group implements ESG principles</li><li>Plan to assess which origination partner will be our next ‘Responsible Lending Pledge’ member</li></ul>
Ireland’s green housing	<ul style="list-style-type: none"><li>1Sharpe has entered Ireland, one of the most energy efficient residential markets in the world. All Irish new construction needs to meet ‘Nearly Zero Energy’ criteria from the Sustainable Energy Authority of Ireland</li></ul>
New carbon neutral partner	<ul style="list-style-type: none"><li>1Sharpe onboarded Glenhawk Capital in the UK. Glenhawk is first bridging lender to achieve a carbon neutral certification from the Carbon Trust</li></ul>



# Thank You.

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