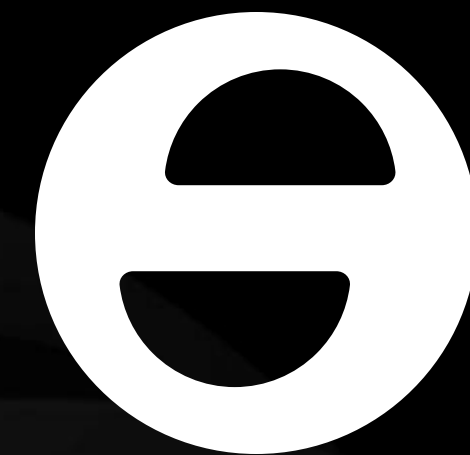


# ShiFi Investor Deck



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**Drive investor portfolio growth with high-yield and low volatility.**

**Returns: 15 or 18% APY**

**Term: 24M or 36M**

**Payout: Quarterly**

✓ **Lower Volatility:**

Grounded in fundamental valuation and contractual repayment.

✓ **Shorter Cycles:**

Two- to three-year investment cycles.

✓ **Higher Predictability:**

Returns are contractually obligated, reducing market speculation.

Private credit offers a compelling value proposition for investors seeking current income, capital preservation, higher yields, and liquidity without long-term capital lock-up.

# ShiFi Private Credit Model

Acquire **consumer debt**<sup>1</sup> from **rigorously vetted**<sup>2</sup>  
**professional development**<sup>3</sup> businesses at  
**significant discounts**<sup>4</sup> and **borrower friendly terms**<sup>5</sup>  
to deliver **substantial returns**.<sup>6</sup>

1

Retail Installment  
Contract (RICs) of  
consumers

2

- 2 Years+
- \$100K+ Monthly
- Compliance Check Passed
- Notarized Personal Guaranty

3

- \$607B Market Size
- Service based = low cost of goods & high margins
- Early-Mover advantage due to lack of financing available
- Team Background: Scale multiple PD businesses to 7-Figures

4

- \$10,000 contract purchased for \$7,000, requires only \$7,000 capital to deploy
- We receive 100% of the repayment for the \$10,000

5

- Contracts are 24M
- Shorter terms notes = lower risk
- 0% APR on every contract

6

- 15-18% APY (Promissory Note)
- 30-50% ROI

# Breakdown Of Key Pieces

Professional Development: Industry	Business: Contract Originator	Borrower: Business' Customer	Retail Installment Contract: Receivable
<ul style="list-style-type: none"><li>✔ \$607B market size</li><li>✔ KeyDemographic: Age 20-50</li><li>✔ Problem: No key lender</li><li>✔ One of the fastest growing industries in U.S.</li></ul>	<ul style="list-style-type: none"><li>✔ Businesses offering high-ticket services (coaching etc.)</li><li>✔ Low-cost to fulfill and high-profit margins</li><li>✔ We purchase the contracts originated by the businesses</li></ul>	<ul style="list-style-type: none"><li>✔ Customer who want to purchase services sold</li><li>✔ They are offered financing at point-of-sale or pay-in-full</li><li>✔ Their monthly payments go directly to the ShiFi Fund</li><li>✔ The risk-profile of the borrower determines the capital deployed for the contract</li></ul>	<ul style="list-style-type: none"><li>✔ More flexible rate structures possible</li><li>✔ Does not require a lending license</li><li>✔ Must comply with Truth in Lending Act (TILA)</li><li>✔ Can be sold or assigned to third parties</li></ul>

# How ShiFi Stands Out At Point-Of-Sale



**Quality businesses will attract  
quality borrowers that  
produce high-performing  
quality receivables.**

Our Thesis Tested

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# Hankey Group Pilot

The partnership began as a pilot to prove our thesis—in **under 6 months**, we originated **\$2.6M+ in contracts** with only a fraction of our vetted businesses, demonstrating the success of early repayment benchmarks and the strength of our underwriting.

Total Contract Volume Funded:

**\$2,632,347**

Total Contracts Funded:

**239**

Total Funded Volume:

**\$2,055,302**

Current First Payment Defaults To Date:

**2 Defaults (1%)**

 This is no accident. Rigorous underwriting + quality merchants = Low default rate.



# Grow Your Portfolio With 15-18% APY

## 15% APY

### 24 Month

Investors are paid an annualized 15% rate which consists of 8 quarterly payments of 3.75% paid to the investor.

- ✓ Shorter Time Horizon
- ✓ Lower Opportunity Cost
- ✓ Steady Cash Flow
- ✓ Less Exposure to Market Shifts

Minimum Investment: **\$100,000**

## 18% APY

### 36 Month

The first two years of quarterly payments are reinvested for compound growth, and in the third year, the investor receives quarterly payouts that include the 18% from Y1 & Y2.

- ✓ Higher Overall Yield
- ✓ Enhanced Compound Growth
- ✓ Longer-Term Portfolio Stability
- ✓ Tax Deferral Potential

Minimum Investment: **\$250,000**

# Sample \$1,000,000 Investment Model

## Investment Selection: **15% APY (24M)**

- ✓ Originates: **178 Contracts** (\$8500 Contract Size)
- ✓ Annual Default Rate: **6%\***
- ✓ Quarterly Payout: **\$162,500** (Per Quarter)
- ✓ Net Investor Payout: **\$1,300,000** (8 Quarters)
- ✓ ROI: **30%**
- ✓ IRR: **20%**

## Investment Selection: **18% APY (36M)**

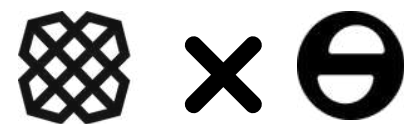
- ✓ Originates: **178 Contracts** (\$8500 Contract Size)
- ✓ Annual Default Rate: **6%\***
- ✓ Quarterly Payout: **\$385,000** (Per Quarter)
- ✓ Net Investor Payout: **\$1,540,000** (4 Quarters)
- ✓ ROI: **54%**
- ✓ IRR: **16%**

\*Annual average default rate for unsecured loans is 3.5% as of Q3 2024. We raised it to 6% for this fund to be liberal on our risk estimates.

# How ShiFi Protects Investor Capital

<div>Business Safeguards</div> <div><div><div><div></div><div>Personal Guaranty</div></div><div>Holds the owner/principal responsible to fulfill on the service for which their clients got financing for.</div></div><div><div><div></div><div>Origination Cap</div></div><div>We ensure capital is not deployed or concentrated in only a few businesses and is diversified.</div></div></div>	<div>Borrower Safeguards</div> <div><div><div><div></div><div>Instant ID Verification</div></div><div>Borrower must upload driver's license and facial scan to verify identity prior to proceeding with the application.</div></div><div><div><div></div><div>Credit Verification</div></div><div>Borrower's credit score, annual income, DTI, bankruptcy history, liquid assets and more are all verified on the same application.</div></div><div><div><div></div><div>Instant Bank Connection</div></div><div>Using Plaid, banking details are verified and connected for consented auto-pay of monthly ACH payments.</div></div><div><div><div></div><div>Two-Way Signed Contract</div></div><div>Each contract is signed by borrower and the business to originate the retail installment contract.</div></div></div>
<div>Origination Safeguards</div> <div><div><div><div></div><div>ShiFi Finance Team</div></div><div>ShiFi calls each borrower to walk through application. While the merchant is the originator, ShiFi handles the finance calls.</div></div><div><div><div></div><div>Risk-Determined Tier</div></div><div>The risk-profile of the borrower determines the contract tier. Lower tier means contract purchased at lower price. A \$10,000 Tier 3 contract means \$5,000 is deployed to purchase the contract.</div></div></div>	<div>Contract Safeguards</div> <div><div><div><div></div><div>CHUBB Insurance</div></div><div>Each contract is bonded by CHUBB in the unfortunate event of a business closure, we recoup capital loss.</div></div><div><div><div></div><div>Client Satisfaction Recourse</div></div><div>If a borrower notifies of services not being rendered or an escalated case results, we initiate a recourse process.</div></div><div><div><div></div><div>First Payment Recourse</div></div><div>If a borrower defaults in the first three payments, business has 14 days to resolve before capital is clawed back.</div></div><div><div><div></div><div>Performance Monitoring</div></div><div>The first three months of a business' performance is critical to continuing with ShiFi.</div></div></div>

# Underwriting By Cash Flow Analysis



## Plaid Assets

Plaid's API provides real-time transaction, balance, and account information. This ensures underwriters always have the most current view of a borrower's financial health.

- ✓ Plaid typically provides up to 24 months of historical transaction data
- ✓ Identify trends (e.g., recurring income, habitual overdrafts, unsteady cash flow),

Purpose: **Cash Flow Analysis**



## Pinwheel

Pinwheel integrates directly with payroll systems, providing real-time income and employment data. Helps lower the chance of inaccurate or fraudulent income reporting.

- ✓ Pinwheel not only shows income amounts but also confirms active employment status.
- ✓ Replaces time-consuming manual verification calls and form-filling.

Purpose: **Verify Employment & Income**

# Decisions Backed By Data

## Down payment: Why we require down payment on every contract?

- ✔ Historically, higher down payments correlate with lower default risk.
- ✔ Borrowers with no down payment show higher defaults and cancellations.
- ✔ Having 5-10% money for down payment on a purchase signals financial responsibility.
- ✔ Lowers the contract size, thereby requiring less capital be deployed per transaction.

Source: United States Department of Housing and Urban Development (HUD)

## 24 Month Check: Why we assess 24-months of borrower's bank data?

- ✔ 24 months of on-time rent/mortgage payments greatly reduces future default risk.
- ✔ If on-time for 24 months, only 0.25% chance of going 90+ days delinquent in next three years.
- ✔ At one missed payment, the probability of delinquency rises to 4.36%, at two missed, it goes to 28.2%, and at three missed it goes up to 47.8%.
- ✔ Healthy metric to evaluate overall risk of approving a borrower and their respective tier.

Source: Fannie Mae and Freddie Mac Data (1999–2016)

## First Payment Default: Why we check for and recourse FPD?

- ✔ First Payment Default (FPD) is when a borrower fails to make the initial loan payment, signaling potential higher risk for future defaults.
- ✔ The timing of missed payments is critical. Missing an early payment often indicates a riskier profile.
- ✔ FPD in the first three months identifies early-stage risk and potential default patterns of a business in ShiFi's ecosystem.

Source: Experian

# ShiFi Borrower Risk Scoring Guide

Factor	Score Range	Key Source
Annual Income	1-5	Moody's (2022)
Employment	1-5	Federal Reserve
Credit Score	1-5	S&P
DTI Ratio	1-5	CFPB
Housing Payment	1-5	Fitch/CoreLogic
Delinquency	1-5	Equifax/FICO

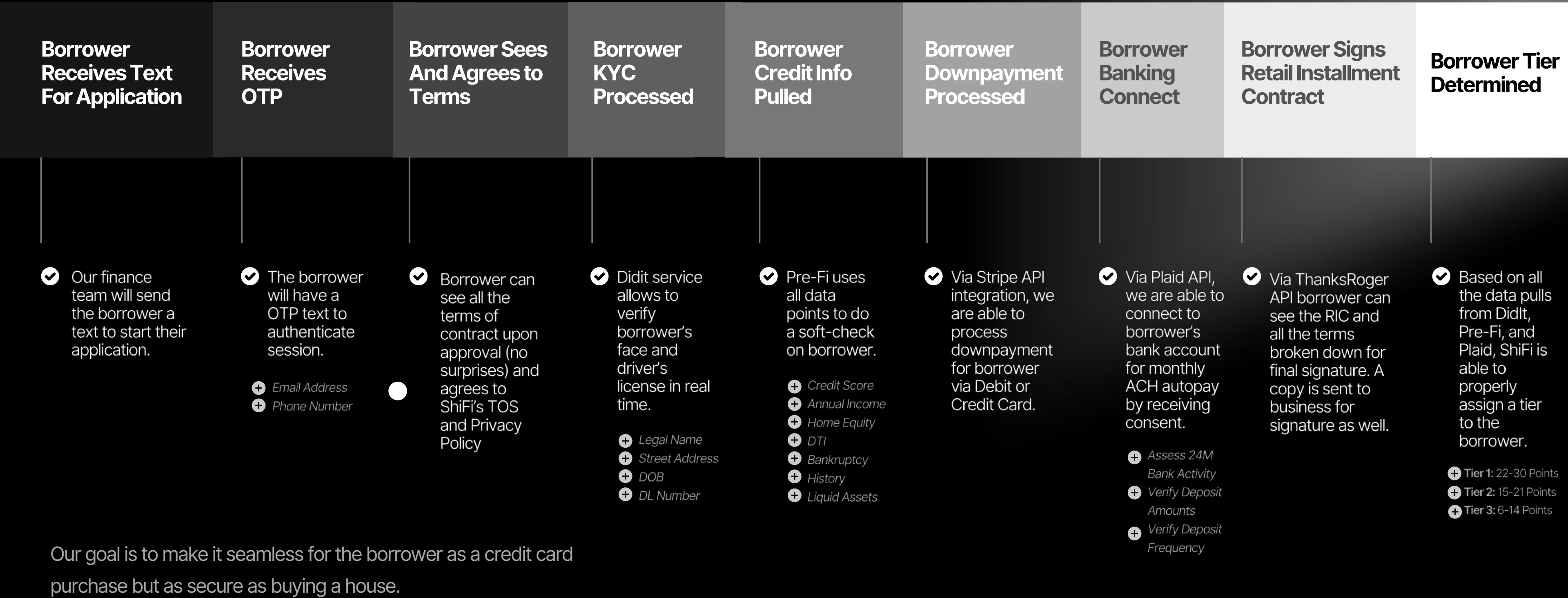
## Immediate Disqualifiers

- ✔ **Age:** Under 18
- ✔ **Employment :** Unemployed
- ✔ **Annual Income:** Below \$35,000
- ✔ **Bankruptcy:** Active or Recent (<1Y)

## Tier Mapping

- ✔ **Tier 1:** 22-30 Points
- ✔ **Tier 2:** 15-21 Points
- ✔ **Tier 3:** 6-14 Points

# ShiFi Borrower Application Flow



# The ShiFi Journey Ahead

## Phase 1: Hankey Group Partnership

- ✓ \$2.6M+ originated
- ✓ 230+ contracts originated
- ✓ 2 First-Payment defaults
- ✓ ShiFi does **NOT** own the notes
- ✓ 8 businesses currently live
- ✓ 30+ waiting to go live
- ✓ Hankey's originating bank has cap on businesses going live

## Phase 2: Initial Fund Raise

- ✓ Target \$5-10M in first-loss equity capital
- ✓ Offer high preferred returns up to 18%
- ✓ Having a first-loss cushion is standard in specialty finance
- ✓ Focus on family offices, HNW individuals, and smaller credit-focused funds
- ✓ Focus on building 6-12 months of in-house performance data
- ✓ Aim to fund 500-800+ new contracts

## Phase 3: Secure Institutional "Senior Debt"

- ✓ With 6-12 months of data connect with senior debt providers
- ✓ Get a revolving credit facility with a 70-80% advance rate
- ✓ Secure interest rate likely in the range of 10-12%
- ✓ Institutional leverage multiplies ShiFi purchasing power 3-4X

## Phase 4: Optimization & Institutional Maturity

- ✓ Ramp monthly originations to \$20M+
- ✓ Diversify across hundreds of merchants (and growing)
- ✓ Renegotiate better facility terms with proven performance
- ✓ Explore additional verticals or product lines as volume and data expand



# Ready to Strengthen Your Portfolio?

- ✓ **Connect:** Set up a quick call to learn how you can invest.
- ✓ **Review:** We'll walk you through key details of our process.
- ✓ **Commit:** Finalize your investment and sign the subscription docs.

[Send Email](#)

[Book A Call](#)

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