THE STALLION TEXAS REAL ESTATE FUND

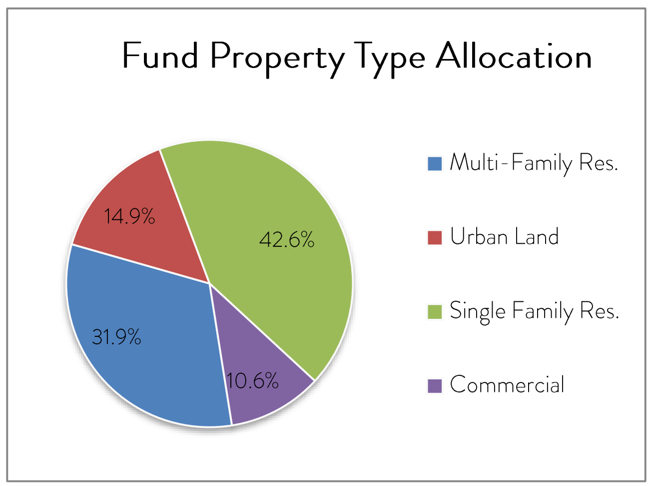
Fourth Quarter, 2015

Historical Fund Returns (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ANN
2013							0.93%	0.85%	0.83%	0.84%	0.84%	1.01%	5.38%	10.68 %
2014	0.88%	0.77%	1.09%	0.97%	0.96%	0.84%	0.85%	0.88%	1.01%	0.91%	0.87%	0.80%	11.27%	11.27 %
2015	0.71%	0.69%	0.86%	0.74%	0.78%	1.07%	0.80%	0.92%	0.81%	0.89%	0.84%	0.96%	10.47%	10.47%

*** Returns shown above are unaudited and are internal in nature. Compounded annualized returns assume reinvested dividends.*

Fund Commentary & Real Estate Review



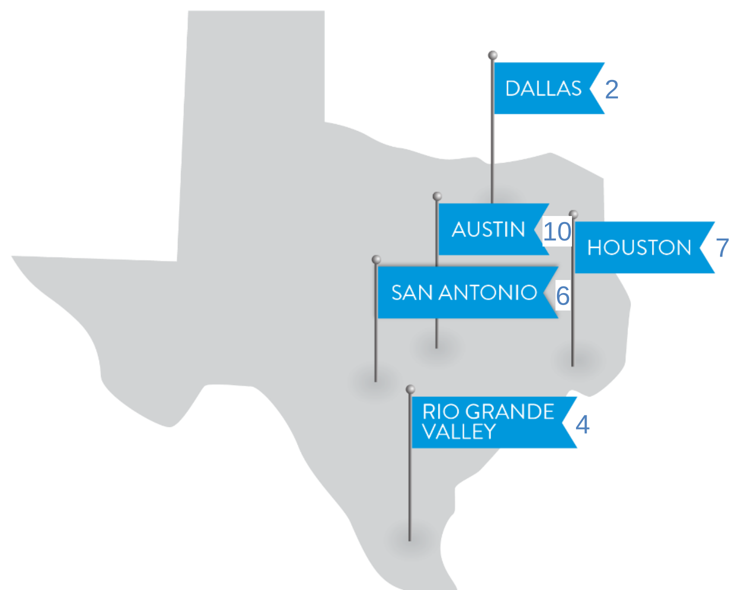
Our Texas Real Estate Fund experienced an active quarter, both in increased loan activity and through the addition of funds from new investors and existing clients. Our target net returns continue to be in the 9-11% range. **The Fund returned +2.69% for the quarter, which brings our annualized 2015 return to +10.47%. **The annualized compound return assumes reinvestment of quarterly dividends.** We continue to experience strong loan volume and activity throughout the major markets across Texas. Our average deal size has increased moderately this year, as borrowers experience greater difficulty in securing traditional financing for larger loans. The Texas economy continues to exhibit strength and we feel confident in the outlook for continued growth and activity in the real estate markets (oil prices notwithstanding, more on that later). Specifically, we added several loans during the quarter that were new construction of condos, townhomes and multi-family properties. As a result, the allocation to single-family homes decreased. We like how the portfolio is positioned currently and we look to add to our commercial loan portfolio in the near future. The average number of loans in the portfolio continues to be in the 25-30 range (29 assets at quarter end). The weighted average loan-to-value ratio of all loans was 53.75%.

Traditional markets did not fare so well over the course of 2015. The S&P 500 ended the year slightly negative, declining -0.73% for 2015. However, that flat performance masks increased volatility that occurred throughout the year, with monthly performance swinging wildly. Bonds fared similarly, with the Barclays US Aggregate Bond index ending the year up 0.55%.

In recent months, the price of oil has dominated the financial news and for good reason. The oil price is down almost 50% from where it began the year. It ended 2015 at $31/barrel. From a consumer standpoint, this development supports increased spending and eases the energy burden on consumers across the country. However, from a business profit and economic standpoint, the falling oil price is troubling. Many of our investors have asked about the impact this has had or may have on our portfolio, especially given that we lend on real estate in the largest oil producing state in the country. First, it is important to state that we have zero direct exposure to oilfield or oil-related properties. Second, so far, we have not experienced any direct effect of the falling oil price within the fund. We don't sense a slowdown or any major shift in dealflow that we see. That could always change but we have not observed any shift yet. We also believe that the Texas economy is much more diverse than it was during previous oil crises, as the state has added new jobs in areas of the economy that are not related to oil in any way. Understandably, a greater impact may be felt closer to the major oil markets of Houston, San Antonio and other heavy oil producing areas. Jobs are a critical indicator of economic health and the Dallas Federal Reserve just reported that Texas had a net gain of 150,500 jobs during 2015, despite layoffs in the oil & gas sector. We are monitoring the situation with a cautious eye and will be on the lookout for trouble. Our primary goal is always to preserve capital and second to earn an attractive return.

Significant Developments During Q4:

- New originations: Fund added net 3 new loans
- Loan payoffs: 2 loans (payoffs or sale of notes)
- Total number of assets in portfolio: 29
- Reduced allocation to single-family residential (43%)
- Increased multi-family allocation (32%)
- Slightly reduced commercial loans (10%)
- Weighted average loan-to-value ratio: 53.75%
- Fund assets: $12 million



We also think its important to mention that we began 2015 with $5.5 million in fund assets. We ended 2015 with $12 million in fund assets. We believe this increase is a validation of our investment process and the private lending opportunity across the state of Texas. We want to thank those investors that have entrusted their capital to us. We are deeply grateful for your partnership. We look forward to the coming year and we are excited about the opportunities in front of us.

Thank you once again for your partnership and as always, we are here to support you in any way we can.

Sincerely,

Vincent Balagia & the Stallion Team

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