

PARADYME

PARADYME SECURED INCOME FUND, L.P.

September 2022 Quarterly Report

FUND OVERVIEW

The Paradyme Secured Income Fund, L.P. invest in debt loans for new construction, property conversion, renovation, and other interests in real estate; all secured by first trust deeds. The Secured Income Fund (SIF) was designed to provide investors with current income in the form of regular, stable cash distributions at an attractive risk-adjusted yield and preserve and protect invested capital.

The portfolio manager of the Fund is Michael Reveley, an experienced investment professional with a demonstrated history of bringing both managerial expertise and investment capital to opportunities across multiple market sectors. Mr. Reveley was formerly the CIO of two asset management companies, Seagate Global Advisors and SEAL Capital, both located in Los Angeles, Ca.

Paradyme Secured Income Fund, L.P. Quarterly Net Returns				Portfolio Metrics	
Date	Net Fund Return	Preferred Return	AUM		
Q3 2021	-1.54%	1.68%	1,100,000	Number of Loans	44
Q4 2021	-1.56%	1.88%	1,100,000	Avg Maturity (years)	1.05
Q1 2022	0.00%	2.02%	1,350,000	Avg Loan Size	238,227
Q2 2022	0.00%	2.31%	2,570,245	Total Outstanding Loan Book	10,481,970
Q3 2022	2.40%	2.40%	3,220,245	Loans Traded - Notional	8,100,500
				Avg Spread Earned	0.95%
				Total Loans Not Traded	2,381,470.00
				Avg Yield	9.22%
				Largest Three Loans as a % of the Total Loan Book	23%
				Largest Loan Notional	1,054,000

Fund Information		Fund Terms		Service Providers	
Focus:	Secured, short duration real estate loans	Minimum Investment:	\$100,000	Investment Contact:	michael@paradymecompanies.com
Fund Inception:	June 2021	Initial Lock Up:	None	Operations Contact:	joanna@paradymeinvestments.com
Portfolio Manager:	Michael Reveley	Distributions:	Quarterly	Fund Admin & Accounting Contact:	MGO LLP
Telephone:	310-292-5474	GP Fees:	Management Fee 2%	Tax and Audit:	Marcum LLP
Website:	paradymeinvestments.com		Carried Interest 30% subject to a 8.5% preferred return, with a 30% catch up		

MARKET COMMENTARY

PORT IN THE STORM

The long-anticipated interest rate reset began in March of 2022 with the Fed hiking rates by a quarter point for the first time since 2018. Prior to March, the Fed had lowered, and then left interest rates at near zero for two years, following the coronavirus pandemic to allow for a swift economic recovery. However, as inflation became entrenched at near 40-year highs, rather than transitory as the Fed had hoped, there was no other option left to the Fed Governors than to begin a transition to much higher rates. In August, Chairman Powell did his best Paul Volcker imitation, and promised a higher interest rate environment for a longer period of time than even the most hawkish bond market participants were anticipating. "The successful Volcker disinflation in the early 1980's followed multiple failed attempts to lower inflation over the previous 15 years," Powell said in August 2022 at the Fed's annual monetary policy symposium. "A lengthy period of very restrictive monetary policy was ultimately needed to stem the high inflation and start the process of getting inflation down to the low and stable levels that were the norm until the spring of last year. Our aim is to avoid that outcome by acting with resolve now."

While the bond market did a much better job of anticipating the Fed's response to higher inflation, the equity markets seemed to overlook a possible recession or likely revaluation of inflated P/E ratios. Indeed, the S&P actually rallied 10.40% in Q4 2021. However, as the economic reality of higher interest rates set in, the S&P fell a cumulative 26.98% from January to Sept 30, 2022.

Investors of all types - High Net Worth, Family Offices, Pension Funds and Endowments began a thorough review of their investment portfolios in 2022 as all risk assets underperformed. Once sought-after venture capital and private equity investments cooled off as valuations for unprofitable tech fell by 60% or more. Most notably, the Ark Innovation Fund (ARKK) fell 60.71% YTD through September 30th.

Investing wealth responsibly for the long term is about risk management not just an "expected" return. How volatile is this investment, is there positive asymmetry to the possible return outcomes, is the business model transparent and repeatable, are the investment returns dependent upon leverage, what is the correlation to other risk assets? These are just of few of the questions that need to be asked and answered prior to investing hard-earned capital.

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MARKET COMMENTARY CONT'D

Volatility and asymmetry and clearly connected as to possible investment outcomes. A 50/50 bet on a volatile asset should be of little interest to investors. However, an 80/20 positively skewed expected return in an investment that shows little volatility is an interesting opportunity worth deploying significant capital. Further, if the investment has a high dividend payout, all the better as the return of capital in an uncertain investment environment is typically undervalued by investors. More conservative, fully researched and understood investments usually deliver the long-term performance that investors should be striving for. As Warren Buffett so aptly put it: "Forget about getting rich quick, get rich slowly."

The Paradyme Secured Income Fund (SIF) has been structured to deliver a high current yield to investors in the form of cash dividends paid quarterly. The SIF is currently paying 8.50% p.a. with the ability to increase that payout if the Fed continues to raise rates. Further, the Fund returns should, over time, be highly asymmetric and positively skewed with limited downside given our conservative underwriting standards, the short duration of the assets and importantly, all loans being fully secured with first trust deeds. We believe that the Secured Income Fund is a safe harbor in the current investment storm.

Please feel free to reach out to me with any questions. I look forward to speaking with all of our investors in the New Year.

*Mike Reveley,
COO and Portfolio Manager of the Secured Income Fund*

Important Disclosures and Risk Factors

This summary contains confidential information and may not be distributed in any form without the express written consent of the Manager or the Fund's general partner. This document is neither an offer to sell nor a solicitation of an offer to buy any interest in the Fund. Such an offer, if made, will be made pursuant to confidential offering materials for the Fund (the "Offering Memorandum") that should be carefully reviewed before determining whether to invest. The description of the Fund's strategy and features above summarizes information provided in the Offering Memorandum or otherwise available in more detail from the Fund. Before considering an investment, eligible investors in applicable jurisdictions should carefully review (the Fund's Offering Memorandum, including a complete description of the Fund and its strategies, policies and risks, together with any available independent verification and (any other relevant factors to the potential investor (without limitation, assets under management (redemption levels and restrictions on redemption levels

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The performance information provided above represents unaudited estimates generated by the Manager, which are subject to audit by the Fund's independent auditors. The Fund's performance includes the reinvestment of income and other earnings from securities or other investments held by the Fund, net of all expenses, including management fees and after applying the incentive allocation due to the Fund's general partner. Performance figures have been calculated using a hypothetical investor that made an initial investment on June 1, 2021 and pays full fees with no intra year contributions or withdrawals.

Past performance is no guarantee of future results and future returns are not guaranteed. Any investment in the Fund involves significant risk, including the risk of loss of all or a portion of an investment. Actual outcomes and results may differ materially from the returns indicated herein. Economic, market and other conditions may cause the Fund to alter its investment objectives, strategies and guidelines. Nothing herein is intended to imply that an investment in the Fund may be considered "conservative," "risk free" or "risk averse."