Bitcoin-Focused Direct Lending Fund Posts One-Year Anniversary

July 31, 2024

Henry Ford once said you can't build a reputation on what you are going to do. But action by itself is not sufficient to acquire a reputation: delivering results with consistency is the critical element in earning and preserving trust over time. In the investments industry, these two inputs drive the success of an emerging manager or differentiated investment strategy.

One year ago, the Build Secured Income Fund I (the "Fund") opened to fee-paying clients. Over this time the Fund delivered an 11.27% net return on invested capital[1], paid distributions monthly[2], used zero leverage, and experienced no loan losses. Total assets of the Fund grew 75%. As is the case with most private market investments, the Fund's holdings typically do not offer secondary market pricing and liquidity; however, the secured loans owned by the Fund are backed by an undivided interest in one of the most globally liquid and continuously marked-to-market assets in today's financial markets. At the end of June, the average credit holding owned by the Fund carried a loan-to-value ("LTV") ratio of 28.54%. We believe this conservative underwriting to be a key element of the Fund's performance.

The Fund's avoidance of debt places it in the minority among its peers in the private credit category: only 36% of investment managers reported using no financial leverage in their private credit funds per a 2023 report published by the Alternative Credit Council[3]. This decision has resulted in a lower return on equity (ROE) than would have been achievable if borrowing were utilized, but it helps insulate the Fund from potential problems and financing risk in today's credit market environment.

Highlights

11.27%

inception-to-date total net return[i,ii,1]

75%

one-year growth in total assets

zero

leverage[iii]

28.54%

average loan-to-value[iv]

Roman numerals are endnotes on page 5, Latin numerals are footnotes.

[1] **Past performance of the Fund, Build, or its personnel is not indicative of future Fund results.**

[2] Distributions are subject to manager discretion. There is no guarantee of any distributions, and the composition of the distributions, if any, may consist of non-cash items, such as return of capital or borrowings.

[3] Alternative Credit Council. (December 20, 2023). *Financing the Economy 2023. https://www.ssctech.com/resources/form/financing-the-economy-2023*

As early developers in an emerging niche in credit markets, the Fund's investment strategy stands out among its peers[4]: it invests its capital in U.S. dollar-denominated commercial loans secured by a borrower's bitcoin. The Fund owns loans that we believe are distinctly positioned for this new era: limited duration (average 11 months), secured by a liquid and increasingly desired real asset, and originated at a conservative loan-to-value (LTV) ratio. Like many private credit funds, the Fund invests in secured loans made to small- and medium-sized businesses that typically fall below the threshold for public debt markets or loan syndication. However, in contrast to the typical assets used to secure loans in the private credit industry (such as real estate, working capital, or property, plant, and equipment), the Fund distinctly prefers Bitcoin as a backstop in the asset-based lending model.

While still developing its understanding with institutional investment professionals, we believe Bitcoin's properties as a collateral stand out favorably against other assets: its holistic profile raises the bar with its degree of liquidity, fungibility, segmentation, transparency, and controllership. It is near continuously marked-to-market, non-depreciable, and can be owned on a balance sheet with a de minimis and fixed cost of carry. In our evaluation, only one other asset competes well across this list of features: the United States Treasury Bill. In a head-to-head comparison over recent years, Bitcoin has demonstrated its ability to preserve real purchasing power[5] through time (a potential benefit to the borrower) with the drawback of its comparably extreme price volatility (a significant deterrent for the lender). We expect these core trends to feature prominently as Bitcoin's adoption in credit markets continues to evolve in the years to come.

While we hold the opinion that this market offers a significant opportunity, it would be an understatement to say that several competitors who have tried their hand in this space have fared poorly. Our Fund differentiates itself from other borrow-and-lend products in the "crypto" or "blockchain" space in its structure, operations, and risk management. First, the Fund limits its investment to loans made to commercial borrowers in the United States who meet know your customer (KYC) and anti-money laundering (AML) standards established by state and federal regulators. This includes registration and sharing of a valid federal tax identification number with the U.S. Treasury, thus the U.S. dollars supporting the transactions involved in the loan operate exclusively within state or federally regulated banks and financial institutions within the domestic U.S. banking and financial system (the "onshore" dollar rails). This stands in stark contrast to a significant share of lending and transaction volume in this space which utilizes U.S. dollar "stablecoins" which tend to operate unregulated and outside the jurisdiction of U.S. financial regulators ("offshore"). Finally, the loans in the Fund legally hold an undivided interest in segmented, on-chain Bitcoin in a manner that credibly demonstrates to the involved parties in the lending arrangement that rehypothecation has not taken place.

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[4] Noting with a bit of humor that the investment industry has somewhat uncreatively named this group the "alternatives" category.

[5] Per total return performance of the relevant indices for each asset benchmarked against the Consumer Price Index ("CPI") published by the US Bureau of Labor Statistics, March 31, 2020, through June 30, 2024: XBTUSD (Bloomberg Spot Bitcoin Exchange Rate) +687% real return (+63.5% annualized) versus Bloomberg US Treasury Total Return Index (LUATTRUU) -27% real return (-7.3% annualized). Indexes are unmanaged, reflect reinvestment of income and dividends, do not incur management fees, costs, and expenses and cannot be invested in directly.

Reserving the best for last, it is our pleasure to thank our key partners in this endeavor at Unchained Inc. While the Fund celebrates its one-year anniversary, the team at Unchained has been working at this significantly longer. Founded in 2016 out of Austin, Texas, the team has done a fantastic job building out the Bitcoin custody and operational infrastructure that make the Fund’s achievements detailed in this letter possible. Their collaborative custody model for Bitcoin sets an industry standard for alignment with their clients’ interests as the ultimate owners of their bitcoin, and the rest of their product lineup follows a similar DNA for simplicity, security, and robustness. Already an outstanding product platform in the Bitcoin space, you should expect to hear more positive news out of this team in the years ahead as developments in the Bitcoin ecosystem continue. Our firm, the Fund, and its clients have all benefited tremendously from our relationship with Unchained, and we look forward to continuing the journey ahead with Joe Kelly, Dhruv Bansal, and the talented team they have put together.

In the year ahead, we optimistically look forward to the Fund’s continued benefit from its established leadership on the secular underlying trends we have described in this letter. We see immense and promising potential for Bitcoin’s role in future developments within global credit markets in the years ahead, and proudly stand behind the reputation the Fund has developed alongside our clients and its partners.

Sincerely,

Matthew Dines

Disclosures

This presentation ("Presentation") is neither an offer to sell nor a solicitation of an offer to buy any security, nor is it an offer of any sort of investment advice. An offer may only be made via a written offering document ("Memorandum") provided by Build Secured Income Fund I, LP (the "Fund") that offers units of Class A limited partner interests in the Fund ("Units"). Build Asset Management, LLC ("Build") will provide the Memorandum only to qualified and accredited investors and has prepared this Presentation solely to enable you to determine whether you are interested in receiving additional information about it or the Fund. This Presentation should be read in conjunction with the Memorandum, and this Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not, be assumed to be complete.

This presentation should not be construed as investment or other advice—it is presented for information purposes only and is not intended to be either a specific offer by any person to provide any financial service or product. Purchasers of Units will only be limited partners of the Fund, and will have no equity in, or any standing or other recourse against, Build.

While many of the thoughts expressed in this Presentation are stated in a factual manner, the discussion reflects only Build's beliefs about the markets in which the Fund will invest when following its investment strategies as are described in the Memorandum. Build's views expressed herein are subject to change. The descriptions of the Fund's investment strategy herein are in summary form, are incomplete and do not include all the information needed to evaluate any potential investment in the Fund. The contents of this Presentation are qualified in their entirety by the Memorandum and the Fund's limited partnership agreement, as they may be amended or supplemented from time to time.

The information in this Presentation is only as current as of the date indicated and may be superseded by subsequent market events or for other reasons.

Summary of Risk Factors
AN INVESTMENT IN THE UNITS INVOLVES SIGNIFICANT RISKS. ONLY INVESTORS WHO CAN BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THE UNITS. UNITS ARE ILLIQUID AND THERE IS NO PUBLIC MARKET FOR SALE OF THE UNITS.

In general, investment in the units involves various and substantial risks, including but not limited to:

- Limited operating history. There can be no assurance that Build's principals and affiliates will be able to duplicate prior investment success or that we will achieve our objectives or achieve positive results of any kind.
- The Units are highly illiquid, have no public market and are generally not transferable except with prior consent of the Build Secured Income Fund I GP, LLC ("GP").
- Expenses will be significant, and we will need to make substantial profits to avoid depletion of our assets and provide a return to LPs.
- We may use leverage, which will subject such investment to increased exposure to adverse economic factors.
- In addition to the Loans themselves, the risks posed by Bitcoin will directly impact our results.
- Factors impacting the value of digital assets, and to Bitcoin in particular, will directly impact the availability of Loans to acquire and the market for Loans if we sought to sell them.
- We are particularly dependent upon the efforts, experience, contacts and skills of the individual members of Build, and certain of its affiliates and principals.
- General investment risks as no assurance can be given that the investment strategies used will be successful under all or any market conditions.

BITCOIN RISK INFORMATION: Bitcoin and other cryptocurrencies are a digital representation of value that function as a medium of exchange, a unit of account, or a store of value, but they do not have legal tender status in the United States. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not generally backed or supported by any government or central bank.

Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange fiat currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear. Cryptocurrencies are not covered by either FDIC or SIPC insurance. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

Cryptocurrency markets come with several risks, including volatile market price swings or flash crashes, market manipulation, and cybersecurity risks. In addition, cryptocurrency markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future.

For further detail on risk factors, prospective investors should read the "Risk Factors" section of the Memorandum which discusses the risks and uncertainties believed to be material to the operations, operating results, prospects and financial conditions. Only by carefully reviewing and considering those factors and the rest of the Fund's offering documents (in addition to other independent investigations) can an investor determine whether such risks, as well as Build's experience and compensation, conflicts of interest and other information contained therein are acceptable to the investor. The Fund does not undertake any obligation to revise or update any statement in this Presentation for any reason.

Forward-Looking Statement Disclosure
Certain information in this Presentation constitutes forward-looking statements, opinions and beliefs. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from such forward-looking statements, opinions or beliefs. In addition, new risks may arise from time to time. Accordingly, such statements should be evaluated with the understanding of their inherent uncertainty. Certain information in this Presentation has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy

or completeness cannot be guaranteed. No representation is made with respect to the accuracy, completeness or timeliness of this Presentation, and any recipient agrees that none of the Fund, Build or their respective affiliates, partners, members, employees, officers, directors, agents or representatives will have any liability for any misstatement or omission of fact or any opinion expressed herein.

Additional Important Disclosures

Past performance of the Fund, Build or its personnel is not indicative of future Fund results. Build does not guarantee any minimum level of investment performance or the success of the Fund. There is a potential for loss in any investment, including loss of principal invested. All investments involve risk, and different types of investments involve varying degrees of risk. Investment recommendations will not always be profitable.

Internal Rate of Return: In addition to being subject to various risks noted herein and in the Memorandum, the Fund's future performance will be subject to: (i) the Fund being able to purchase a majority of Loans bearing at or above 15% interest and its counterparties do not fail to offer or service those Loans properly; (ii) annual Management Fees and Fund expenses not exceeding 2.5%; (iii) minimal Loan losses; (iv) continued consumer and business demand for the Loans at the aforementioned interest rates; and (v) total Fund assets grow and remain at a size that adequately covers additional annual Fund operating expenses.

Private funds like the Fund are speculative investments and are not suitable for all investors, nor do they represent a complete investment program. Private funds are available only to qualified investors who are comfortable with the substantial risks and who can withstand a total loss of invested capital. Economic, market and other conditions could also cause the Fund to alter its investment objectives, guidelines and restrictions. Nothing herein is intended to imply that Build's investment methodologies may be considered "conservative", "safe", "risk free" or "risk averse".

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THE FUND MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. THE UNITS ARE OFFERED ONLY TO QUALIFIED INVESTORS. THE UNITS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC"), ANY STATE SECURITIES COMMISSION, OR ANY OTHER REGULATORY AGENCY OR GOVERNMENTAL AUTHORITY HAS: (I) REVIEWED THE DISCLOSURES INCLUDED HEREIN; (II) APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THE UNITS; OR (III) PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PRESENTATION OR THE MEMORANDUM. NO INDEPENDENT PERSON HAS REVIEWED OR CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THESE DISCLOSURES, NOR WHETHER THEY ARE COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

Investors in the Fund will have a limited right to redeem or transfer their Units subject to numerous conditions. The Units will not be listed on an exchange, and it is not expected that there will be a secondary market for the Units.

While we do not anticipate holding Bitcoin because the loan servicer is expected to immediately liquidate any Bitcoin pledged as collateral for any Loan in the event of Borrower default, we may from time-to-time hold Bitcoin for various periods of time.

Build is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply any skill or training. Build does not provide legal or tax advice. Please consult your legal or tax professionals for specific advice.

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[i] Since inception of fee-paying LPs (July 2023) through June 2024. Returns greater than one year, since inception, or representing FY values are annualized. Any return information provided in this Presentation has not been audited and represents the Fund's performance during the periods noted herein, net of related fees and expenses. A full discussion of related fees and expenses can be found in the Memorandum. The Fund's future performance may differ materially from its past performance and be subject to various risks noted below and in the Memorandum.

[ii] Calculated using fee-paying LP capital only.

[iii] Leverage is calculated using the average daily borrowings during the month divided by average net assets.

[iv] Average Loan-to-Value represents the net ratio of loan-to-value for each loan, weighted based on the fair value of total applicable private debt investments. Loan-to-value is calculated as the current total net debt through each loan divided by the total value of the loan collateral as of the period noted.