

## March 8 - March 12, 2021 Weekly Index Research Update

### The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) recorded a gain of 6.79%, to end the week

The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) ended the week recording a gain of 6.79%, finishing the week with a value of 98.89. All three major U.S. equity benchmarks rose higher after the \$1.9 stimulus package was signed. The CBLENDT index has climbed 6.18% month-to-date, and 16.26%, year-to-date. This performance can be attributed to the returns recorded by the peer-to-peer lending and digital banking platforms (P2P/D) segment of the index, as interest rates rise and the economy slowly recovers, while investors rotate out of technology and software solution stocks. **(See the Chart for the Week).**

The index has two segments, the Peer-to-Peer Marketplace Lending and Digital Banking Platforms (P2P/D) and Providers of Technology and Software Solutions (T&S), which makes up 85% and 15% of the index weight, respectively. In seeking to provide broad exposure to this emerging portion of the economy, the Index is devised to provide exposure to not only those companies that operate online lending platforms that facilitate peer-to-peer lending, but also U.S. financial institutions with a digital lending platform, social networking platforms, and providers of technology and software solutions. Together these firms comprise the peer-to-peer online lending and digital banking ecosystem.

The rules-based stock Index is the underlying methodology for **LEND - Amplify CrowdBureau® Online Lending and Digital Banking ETF**, the exchange-traded fund listed on NYSE Arca.

U.S. major equity indices were buoyed higher after the fiscal relief packaged was signed, and market sentiment shifted away from technology stocks and into cyclical and value stocks. The Dow Jones Industrial Average (DJIA) added 4.07%, to finish at 32,778.64. The S&P 500 (SPX) rose 2.64% to end at 3,943.34. The technology-heavy Nasdaq Composite Index (COMP) advanced 3.09%, rising to 13,319.86. Small cap companies, measured by the Russell 2000 index (RUT), soared 7.34% to register at 2,352.79. In U.S. economic data, a report from the U.S. Bureau of Economic Analysis from February noted, gross domestic product (GDP) increased at an annual rate of 4.1 percent in the fourth quarter of 2020, reflecting both the continued economic recovery from the COVID-19 pandemic. However, after the stimulus package was signed on Thursday, some economists are predicting U.S. GDP for 2021 may rise 6% – 7%. The pandemic started first in China January 2020, and there should be no surprise that it is the first country to see an economic rebound, in which the second largest economy grew by 2.3% last year. Beijing announced that it will begin withdrawing stimulus relief that aided its comeback, albeit cautiously. This comes on the heels of Premier Li Keqiang closing the annual parliamentary meeting on Thursday saying the country has set gross domestic product growth above 6% for 2021.

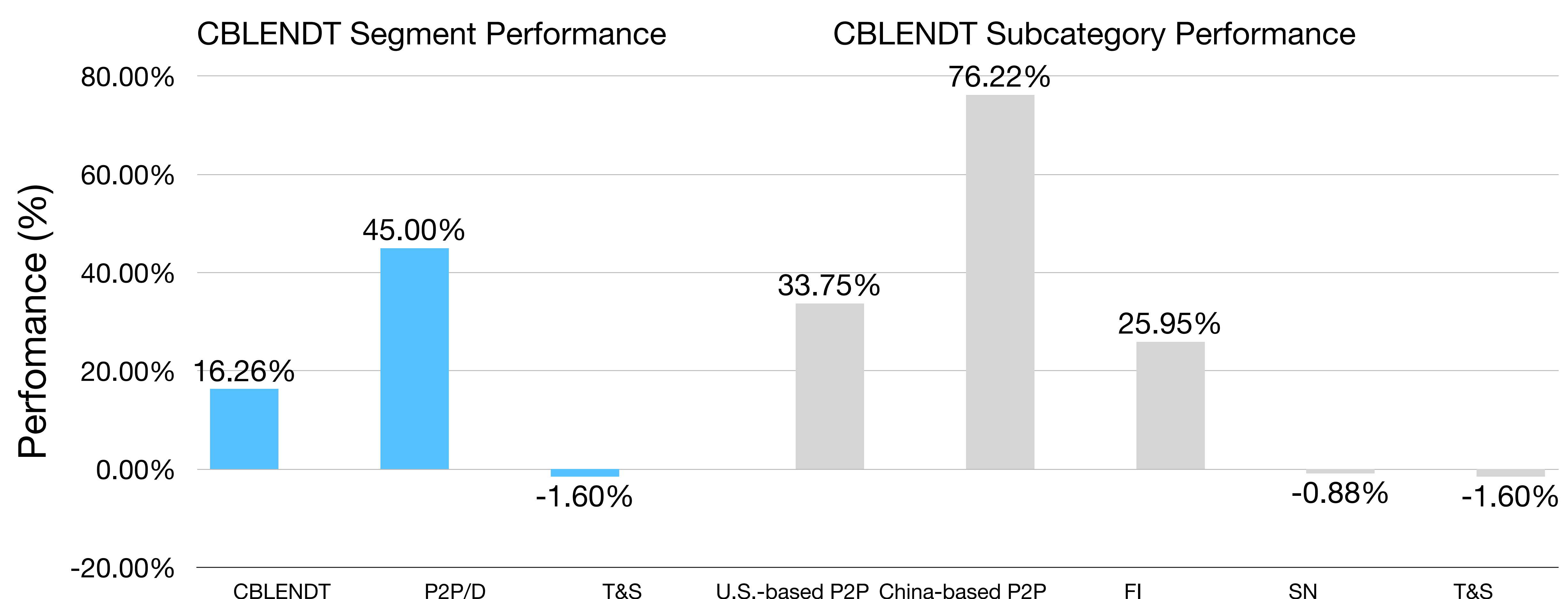
Abroad, equity markets were mixed. The pan-European Stoxx 600 Europe index edged 3.52% higher to 423.08, even after official reports on Friday confirmed the United Kingdoms' economy decreased by 2.9% in January from the previous month. In Asia, Hong Kong's Hang Seng Index moved back -1.23% to finish 28,739.72. At the same time, the Shanghai Composite Index in China, declined -1.40%, to end at 3,453.08.

Long-term government bond yields rose to a one-year high, the rate on the 10-year note TMUBMUSD10Y, 1.629% rising ~10 basis points to end at 1.63%. Crude oil futures drifted lower. The U.S. benchmark CL-1 registered -1.09% to \$65.61 a barrel. The precious metal gold advanced 1.63% with Gold futures settling at \$1,725.80 an ounce.

The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) gained 6.79% for the week, with share prices in forty-five (98%) out of the 47 index constituents increasing. The total return performance ranged from -2.56% recorded by PagSeguro Digital Ltd (PAGS) to China-based P2P lender FinVolution Group (FINV), which posted a rise of 72.69%. Heavier-weighted LendingTree (TREE) was the other laggard, posting a loss of -1.12%. Three index constituents reported fourth-quarter earnings results including, FinVolution Group (FINV), LendingClub (LC), and GreenSky (GSKY) recorded 72.69%, 37.09%, and 16.39%, respectively. FinVolution fourth quarter and fiscal year 2020 financial and operational highlights comprise of net revenue of RMB1,853.0 million (US\$284.0 million) for the fourth quarter of 2020, an increase of 50.3% from the fourth quarter of 2019. Operating profit was RMB595.6 million (US\$91.3 million), an increase of 36.9% from the fourth quarter of 2019. Non-GAAP adjusted operating profit, which excludes share-based compensation expenses before tax, was RMB613.4 million (US\$94.0 million), an increase of 38.0% from the fourth quarter of 2019. Net profit was RMB497.3 million (US\$76.2 million), an increase of 20.6% from the fourth quarter of 2019. The fiscal full-year 2020 highlights show net revenue at RMB7,563.1 million (US\$1,159.1 million) in 2020, an increase of 26.8% from 2019, while operating profit was RMB2,307.5 million (US\$353.6 million) in 2020, a decrease of 12.8% from 2019. On the day of the announcement, the firms share price rose approximately 93%.

U.S.-based marketplace lender, LendingClub (LC) reported fourth-quarter and full-year earnings results for 2020. The firm announced near-term personal loans will be the primary economic driver and plan to grow originations by 45% and revenue by 55% for 2021. Increased originations increased to \$912 million, reflecting growth of 56% from the third quarter. The company ended the year with a surplus of \$525 million in cash, reflecting the sale of loans to the tune of \$470 million in the second half of 2020. For the fourth quarter, revenue increased to \$20 million compared to 4Q 2019 and \$8 million compared to the third quarter of 2020. Quarterly results did not factor in loan sales, nor loan and asset revaluations that happened in the third quarter. Transaction fees rose 77% from Q3 on the back of 56% origination growth, which was offset by lower net interest income, reflecting prior loan sales and nonrecurring asset revaluation benefits in Q3. On Friday, the firm rallied 18.00% to \$15.07, after Ark ETF purchased 228.5k shares by the end of the trading session. Also reporting fourth-quarter and full-year 2020 earnings results was GreenSky (GSKY). Their servicing portfolio grew to \$9.5 billion while maintaining the strength of the company's consumer base. Completed over \$1 billion of new funding initiatives, and since year-end, that momentum has continued with the recent completion of a \$1 billion forward flow sale agreement with a leading life insurance company earlier this month, enabling \$28 billion of transactions.

### Chart of the Week: CrowdBureau P2P Online Lending and Digital Banking Index (CBLENDT) Segment and Subcategory Performance (%) Year-to-Date 2021



#### Notes:

- (1) CBLENDT is based on the Total Return Performance
- (2) The Constituent Segments are as of the Fourth Quarter 2020 Reconstitution and Rebalance.
- (3) Percentage (%) reflects the Year-to-Date basis (YTD) as of market close on Friday, March 12, 2021.

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