

October 26 - October 30, 2020 Weekly Index Research Update

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) reversed course, declining -4.96% to finish the week

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) declined -4.96%, reversing course to finish the week, ending at a value of 43.07. Total return performance ranged from -26.68% to 12.27%, and was weighed down by thirty-four of the 36 constituents that finished in negative territory, including all eight members that reported third quarter earnings results. Friday also ended the month of October, the index settled at 7.09%, and the gain can be attributed to the strong cumulative performance over the prior past four weeks. **Refer to the Chart of the Week.** Year-to-date, the index stands at -25.78%.

LEND - Amplify CrowdBureau® Peer-to-Peer Lending & Crowdfunding ETF

Equity markets struggled to gain traction despite upbeat corporate earnings reports and merger news. All three U.S. major benchmarks ended with weekly and monthly losses. A slowing economy, the lack of fiscal stimulus, Tuesday's U.S. Presidential election, and the global rise of the coronavirus helped push the U.S. major indexes to their largest weekly descent since March. The Dow Jones Industrial Average (DJIA) registered -6.47% to end the week at 26,501.60, while the S&P 500 Index recorded -5.64% to close at 3,269.96. The Nasdaq Composite Index dropped -5.51% to finish at 10,911.59. Small cap stocks measured by the Russell 2000 benchmark fell -6.22% to close at 1,538.48. According to the U.S. Federal Reserve's latest Beige Book report, most parts of the country saw "slight to modest" economic activity growth from late August to September. U.S. gross domestic product (GDP) increased at a record annual pace of 33.1% for the third quarter driven by trillions of dollars in government fiscal stimulus for individuals and companies economically impacted by the virus. Data on trade in goods showed the U.S. deficit shrank 4.5% to \$79.4 billion in September. Internationally, according to the National Bureau of Statistics (NBS), China's industrial profit rose 10.1% year on year in September, decelerating from a 19.1% year on year expansion in August. The slower recovery in September was primarily due to price deflation of some industrial goods while operating revenue growth accelerated to 6.9%. Preparations in anticipation of depreciation in some sectors and the rising base effect also dragged down headline growth.

Global equities ended the week in the red. The pan-European Stoxx 600 Index shed -5.50% to end at 342.10. The Shanghai Composite Index in China recorded -1.63% to end at 3,224.53; simultaneously, Hong Kong's Hang Seng Index registered -3.26% to 24,107.42.

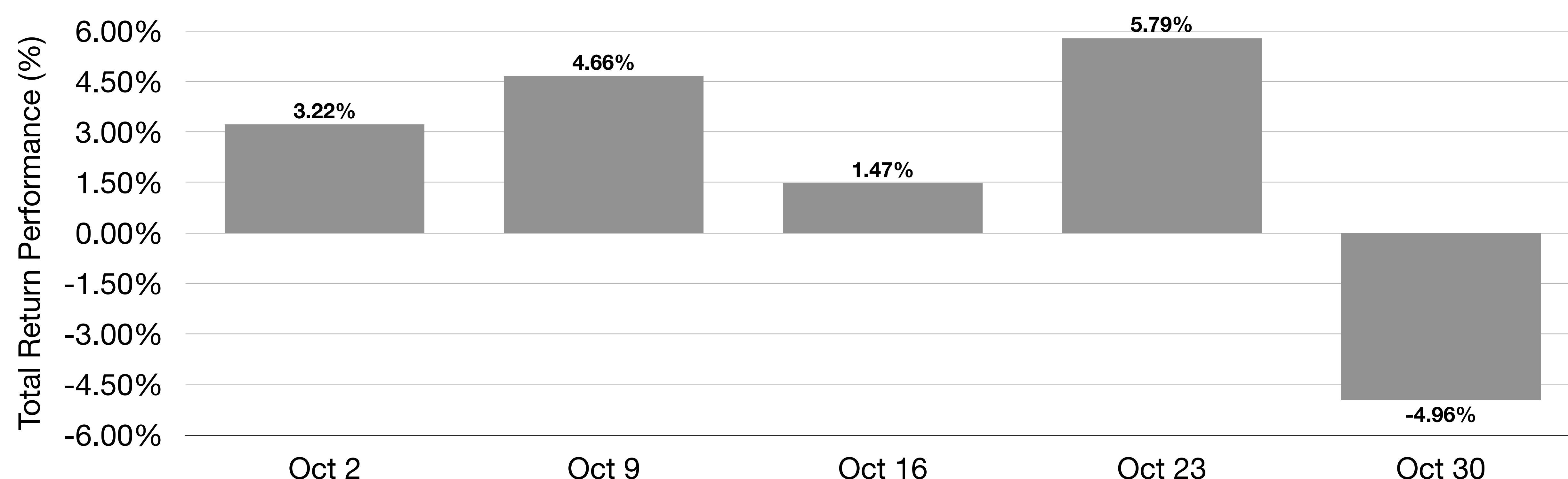
U.S. Treasury yields rose for the week as investors sold government bonds. The 10-year Treasury note yield TMUBMUSD10Y, 0.878% rose 2.4 basis points to 0.858%, leaving it up 1.8 basis points for the week, and up 18.1 basis points in October. Oil futures closed at a 5-month low, -10.21% to \$35.72 a barrel on the New York Mercantile Exchange, while the precious metal gold decreased, with the December contract GC00, -1.29% to settle at \$1,878.80 an ounce.

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) declined -4.96%, with two of the 36 constituents ending with a positive total return. China-based P2P marketplace lender LexinFintech (LX) ticked up 5.37%, and CoreLogic (CLGX) jumped 12.27% after the company confirmed acquisition negotiations with potential bidders were underway. Trading was halted briefly on Thursday morning after reaching over 13% but resumed shortly thereafter. The company also declared a \$0.33 per share quarterly dividend, in line with previous. U.S. marketplace lenders GreenSky (GSKY), LendingClub (LC), and heavier-weighted LendingTree (TREE) ticked down -12.08%, -9.32%, and -6.18% in that order. At the same time, thirteen China-based P2P lenders decreased between -26.68% recorded by Jianpu Technology (JT) to Yiren Digital Inc. (YRD) registering -1.50%.

Record sales and stable earnings did not settle investors' concerns over soaring coronavirus cases globally and the U.S. political uncertainty heading into the elections on Tuesday. Weighing the index down was thirty-four of the 36 constituents that finished in negative territory, including eight members that reported third quarter earnings results. The two Social Network[ing] platforms reported third quarter results, included Amazon.com Inc. (AMZN), shares ended the week -5.25% lower after reporting record quarterly sales and profits accelerated by the increase of online spending during the pandemic. Total revenue in North America during the third quarter was \$59.37 billion, while international revenue was \$25.17 billion. Forward-looking guidance, Amazon expects fourth quarter revenue of \$112 to \$121.0 billion and an operating income of \$1.0 billion to \$4.5 billion. Shares in Facebook Inc. (FB) dropped -7.61%, the social media company beat forecasts for profit and revenue, even with a surge of criticism that included an Ad boycott in July. Revenues grew 21.6% to \$21.47 billion, while costs and expenses rose 28%. Operating income growth gained 12% to \$8.04 billion, and the operating margin declined to 37% from 2019, which was 41%. Net income increased 29% to \$7.85 billion. The remaining Social Network[ing] segment index members Square (SQ), PagSeguro (PAGS), PayPal (PYPL) and MercadoLibre Inc. (MELI) lost -12.38%, -9.56%, -8.33%, and -7.48%, respectively.

Six of the 12 constituents in the Providers of Technology and Software Solution segment of the index also reported earnings results. Fidelity National Information Service (FIS) recorded -13.72% following earnings results, revenue increased by 13% to \$3,197 million, with an annual run-rate income of approximately \$150 million, and a yearly run-rate expense exceeding \$700 million. Enova International (ENVA) fell -11.83% following the days after the financial results announcement for the third quarter of 2020 and its acquisition of OnDeck Capital, a former index constituent earlier in the month. The firm reported total revenue was \$205 million, down from 33% to \$306 million the prior year. At the same time, the net revenue margin was 88.9% compared to the gross profit margin of 46.9% in the third quarter of 2019. Pure play payments technology company, Global Payments Inc. (GPN), fell back -10.88%, financial results for the third quarter grew \$1.918 billion in revenue, compared to \$1.106 billion in the third quarter of 2019. Global risk and information solutions provider TransUnion (TRU) shed -7.43%, after earning results for the third quarter ended with total revenue of \$696 million, an increase of 1 percent compared with the same period the prior year. Net income was \$103 million for the quarter compared with \$92 million for the third quarter of 2019. Another constituent that provides working capital to manufacturers and building contractors using loans, OneMain Holdings, Inc. (OMF) slid -7.70%, following earning results, reported pretax revenue of \$341 million and net income of \$250 million as compared to \$297 million and \$248 million, respectively, in the prior-year quarter. On October 26, 2020, the company raised its minimum quarterly dividend 36% to \$0.45 per share payable on November 17, 2020, to record holders of the company's common stock on November 9, 2020. Shares of Fiserv (FISV), a technology solution provider to banks, credit unions, securities processing organizations, insurance companies, lost -5.64% after announcing financial results. The company's GAAP revenue increased 21% to \$3.79 billion in the third quarter, with 44% growth in the Acceptance segment, a 1% decline in the Fintech segment, and 20% growth in the Payments segment. Revenue increased by 79% to \$11.02 billion in the first nine months of 2020 compared to the prior year period. The financial results of First Data Corporation are included in the consolidated results of Fiserv from July 29, 2019, the date of acquisition. Last, Goldman Sachs (G.S.), the member of the index that comprises the Financial Institutions with a dedicated platform segment, fell back -7.80% to conclude the week.

Chart of the Week: CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) cumulative weekly total return performance (%) for October 2020



Source: CrowdBureau Corporation

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ABOUT CROWDBUREAU CORPORATION

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