

CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR)

Monthly Results: July 2019

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) recorded a total return of -5.68% for July from unfavorable stock performance delivered by 17 of the 32 constituents. Year-to-date the Index remains ahead of other major benchmarks with a total return gain of 37.67%, (See Chart 1). The market's mood was influenced by mixed earnings results for the second quarter of 2019 reported from the first batch of company 's — the lowering of U.S. interest rates, and tariff increase threats on more than \$300 billion of China imports tweeted by the U.S. President.

The Index® was rebalanced and reconstituted for the second quarter with an effective date of July 1, 2019. At that time, the Index consisted of 34 constituents across four segments within the peer-to-peer lending and equity crowdfunding ecosystem. The segments include peer-to-peer lending and equity crowdfunding platforms, financial institutions with dedicated P2P lending platforms, social network(ing) platforms, and providers of technology and software solutions to marketplace lenders. Individual index members weights were modified in line with the index methodology. Subsequently, by the end of the month, merger and acquisition activity delisted WorldPay (WP) and First Data Corporation (FDC) from the stock exchange which in turn moved the number of constituents down to 32.

CROWDBUREAU® PEER-TO-PEER LENDING AND EQUITY CROWDFUNDING INDEX MONTHLY Y-o-Y TOTAL RETURNS

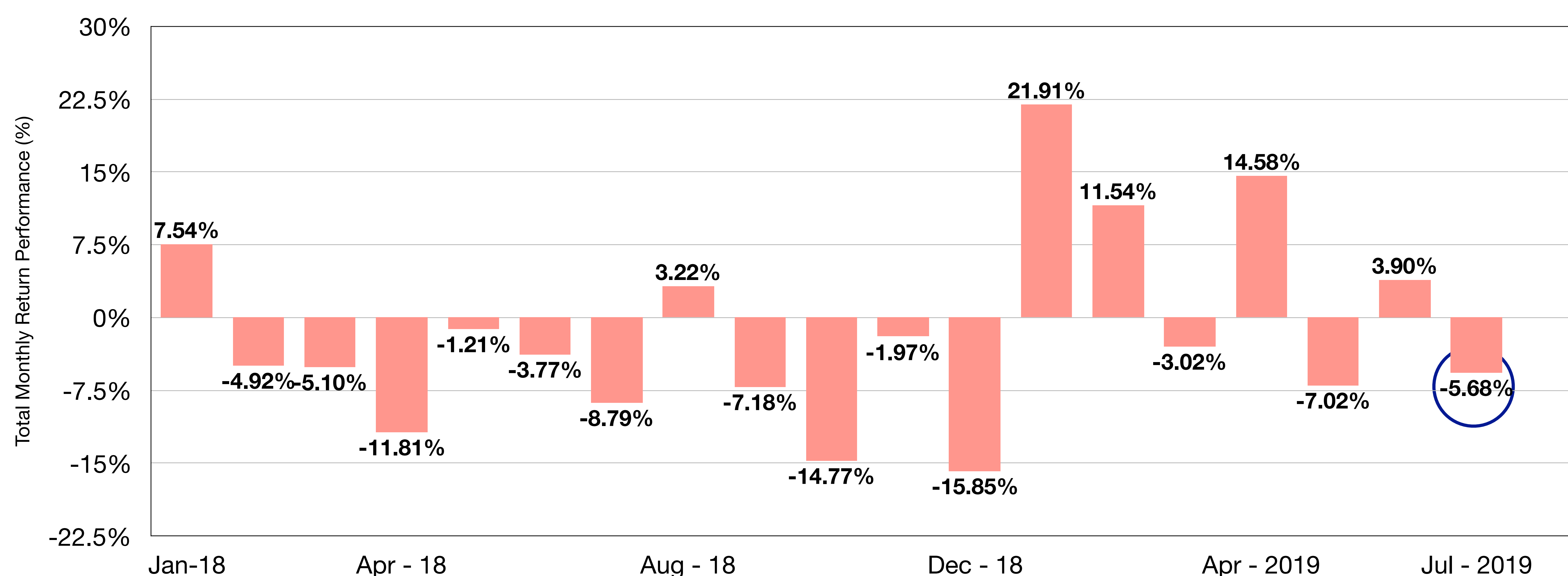


Chart 1. Source: CrowdBureau Corporation

General Stock Market Consensus

The U.S. economy remained resilient due to strong consumer spending, while emerging markets fell at the same time the U.S. dollar strengthened. Retail sales were underpinned by a 4% lift to wages and falling oil prices as tensions with Iran subsided and fears rose of an economic slowdown driven by Donald Trump's trade war comments. However, areas of weakness persisted with industrial production and investments losing steam. Donald Trump once again threatened China with a \$325 billion rise on Chinese import tariffs if China refused to buy more U.S. agricultural products. It was against this backdrop that U.S. and China demonstrated intense friction. In the U.S., fears over the impact of rock-bottom short-term rates on bank profitability persisted. And flagship stocks like Netflix, SAP, and eBay disappointing earnings.

On the other hand, the healthcare sector, performed better. The month ended on a low note following disappointing interest rate cut announcements at the Federal Reserve policy meeting on July 31, 2019. This was the first time since 2008 that interest rates were cut, and was less than expected at 0.25%, taking rates to 2.00-2.25%. The Fed tempered expectations of further rate cuts, as the European Central Bank gave strong hints that a stimulus package was nearing. In other regions, the Bank of Japan (BOJ) left rates unchanged, but indicated potential for future support; and in other emerging market countries, including South Africa, Malaysia, Turkey, and Russia, all cut rates. Investors broadly moved into U.S. Treasuries as trade tensions influenced the outlook for investors and companies alike. The S&P 500 closed 1.3% up over the month. S&P 400 increased by 1.09%, S&P 600 up 1.06% and the Russell 2000 gained 0.51%. While the Nasdaq Composite gained 2.11%. (See Table 1).

Abroad, the FTSE 100 delivered 2.2% in July, boosted by a weaker pound. The German 10-year yield fell 7bps to -0.40%. The French 10-year yield fell 17bps to -0.18%, at the same time, the Italian 10-year yield declined more than 50bps. Against this backdrop, the European Central Bank hinted that a stimulus package could be announced in September. In Asia, the MSCI China World index was up 0.50% to end the month. The 10-year U.S. Treasury yields ended July unchanged.

Table 1 – U.S. Market Benchmark Performance

<u>U.S. Indexes</u>	<u>Symbol</u>	<u>Price</u>	<u>July</u>	<u>YTD</u>
Nasdaq Composite	COMP	8,175.42	2.11%	23.21%
S&P 500	SPX	2,980.38	1.30%	18.89%
S&P Midcap 400	MID	1,966.72	1.10%	18.26%
Russell 2000	RUT	1,574.60	0.51%	16.80%
Dow Jones Industrial Average	DJIA	26,864.27	1.00%	15.20%
S&P Smallcap 600	SML	963.40	1.06%	14.02%

Table 1. Source: Quote Media, and CrowdBureau Corporation

2019 Second Quarter Earnings Results weighs on P2P Lenders Performance

Eleven CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index constituents announced earnings results in July including one U.S. marketplace lender, Lending Tree (TREE), the first member of the peer-to-peer lending platforms (P2P) segment to report 2Q 2019 results. For the quarter, the firms' revenues reached \$278 million, and net income turned positive, reaching \$12 million after the previous quarter's net loss. At the same time, TREE's adjusted actual earnings per share (EPS) came in at \$1.18 versus a consensus estimate of \$1.41. Additionally, the company reported that its higher-margin personal loan business was decelerating and "this has real margin implications for the quarter." Furthermore, the firm decided to seek bankruptcy protection for Home Loan Center, Inc. (HLC), a wholly-owned subsidiary. The decision was to protect the assets of HLC against a \$68.5 million judgment previously announced, disclosed in a Form 8-K filing. According to the filing, LendingTree does not include as debtors the company or any of their respective subsidiaries engaged in continuing operations. TREE's stock price plummeted 16.22% on the day of their earnings announcement and did not recover for the month ending down -23.21%. While H.X. stocks also experienced losses -5.04% for the month.

In the Providers of Technology and Software Solution segment of the Index, six constituents made gains including TransUnion (TRU) up 12.62%, Enova International (ENVA) up 16.92%, Fair Isaac Corp. up 10.64%, CoreLogic (CLGX) up 8.94%, Equifax (EFX) up 2.85%, Global Payments (GPN) up 4.86%, as well as First Data Corp. (FDC) which, on July 29, Fiserv Inc. (FISV) close its acquisition of the firm. Both companies rallied along with several other firms that posted strong quarterly earnings. Moreover, three Social Network(ing) platforms -- PayPal Holdings (PYPL), Amazon (AMZN), declined -3.55%, and -1.42%; while Facebook (F.B.) gained 0.64% for the month ended July.

Goldman Sachs Group Inc. (GS) an Index® constituent in the Financial Institutions with a dedicated peer-to-peer lending platform was the only big U.S. bank to report lower second quarter revenues, down 2% versus last year but still beat Wall Street expectations on earnings and revenues. While the stock ticked up following Goldman's earnings release, the company ended the week slightly lower down -0.20%. Unlike the other named banks, Goldman lacks a big consumer lending operation, but the firm is still continuing to invest in both Marcus and Apple Card. Marcus by Goldman Sachs® provides no-fee personal loans & high-yield online savings for individuals now have more than 3 million total customers, \$48 billion in consumer deposits in the U.S. and the U.K., and nearly \$5 billion of consumer loans as of year-end 2018. Further, it was reported that Goldman Sachs extended a £200m (about \$US 226 million) loan facility to U.K.-based peer-to-peer lending startup Lendable to buy loans originated by the marketplace lender. See Chart 2.

CHART 2 – Monthly Total Return (%) Performance for Index Members that Reported Second Quarter 2019 Earnings Results in July.

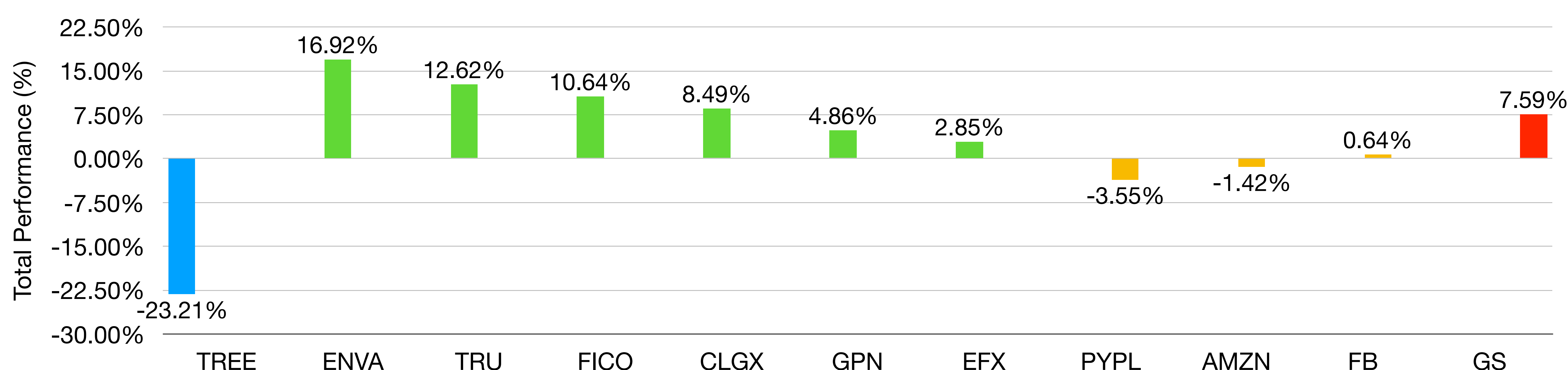


Chart 2. Source: CrowdBureau Corporation

U.S.-based P2P Marketplace Lenders Price Performance

The four U.S.-based peer-to-peer lending platforms posted losses in July, ranging from a low -23.21% posted by LendingTree (TREE), to -13.73% recorded by OnDeck Capital Inc. (ONDK). LendingClub (L.C.) posted -9.88% for the month of July even after recording some significant gains during the month after the completion of a 1-for-5 reverse stock split effective following the close of the trading day on July 5. GreenSky (GSKY), was down -7.00%. Each firm contributed meaningfully to the aggregate performance of the Index given their significant weight in the benchmark. (See Chart 3)

CHART 3 – Price Performance of the U.S.-based P2P Marketplace Lending Index Constituents for the month of July 2019

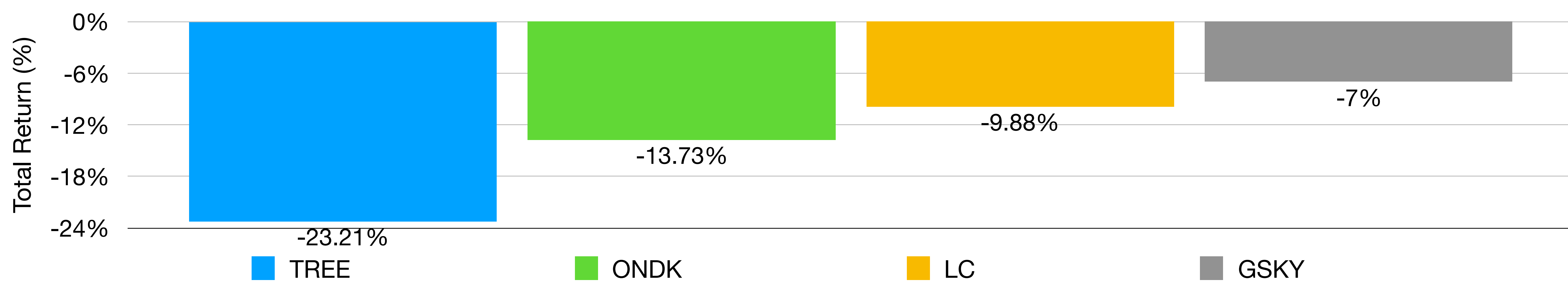


Chart 3. Source: CrowdBureau Corporation

China-based P2P Marketplace Lenders Price Performance

All but one China-based marketplace lending platforms declined for the month. China's macroeconomic environment continued to soften, escalating trade tensions between the U.S.-China, and the enforcement of regulations toward P2P lending platforms added to uncertainties that likely played into investor near-term sentiments. China-based peer-to-peer lender Quidian (Q.D.), the largest marketplace lender by revenue as of 2018 in China added 21.87% as the stock enjoyed positive momentum upon earnings reports. At the same time, the other 12 decliners, in descending order, were led by Golden Bull (DNJR), down -63.01%, Senmiao Technology (AIHS), down -53.76%, X Financial (XYF), -24.53%, Yirendai (YRD) which dropped -18.68%, PPDai (PPDF), down -10.80%, 360Finance (QFIN), down -8.60%, Weidai, down -7.89%, CN Finance (CNF), down -5.73%, Hexindai (HX) down -5.04%, Lexin Fintech (LX), down -5.04%, and Jianpu Technologies, down -1.87%. (See Chart 4)

CHART 4 - Total Return Performance of the 13 China- based P2P Marketplace Lending Index Constituents for the month of June 2019.

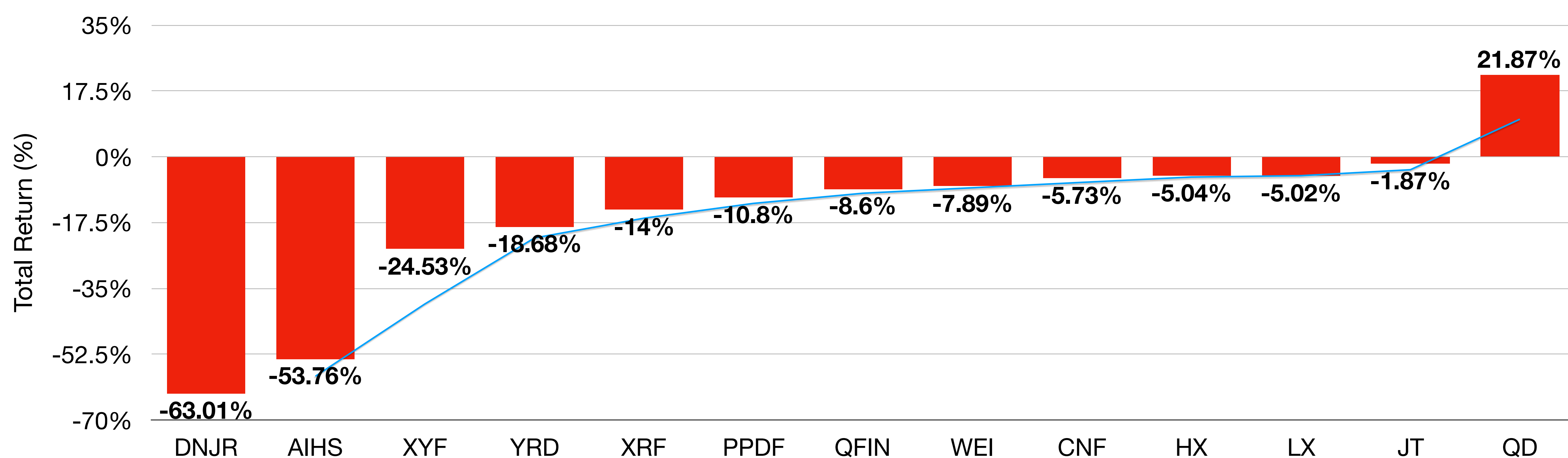


Chart 4. Source: CrowdBureau Corporation

ABOUT CROWDBUREAU CORPORATION

CrowdBureau Corporation research-based indexes and analytics seeks to help market players understand and manage better alternative asset classes in peer-to-peer lending and securities crowdfunding. Clients rely on our offerings for deeper insights into the drivers of performance and risk indicators for their decision making, through our global peer-to-peer lending asset class coverage using a series of benchmarks and innovative research. Our line of products and services includes indexes, asset and risk management tools, analytical models, data, peer-to-peer lending series of benchmarks by sectors such as consumer loans, business loans, real estate loans, student loans, automobile loans, agriculture loans, renewable energy, and lifestyle loans "other". CrowdBureau Corporation serves money managers, banks, insurance companies, traders, retail and institutional investors, and universities.

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