

March 18 - 22, 2019 Weekly Index Research Update

Jittery market sentiment influenced the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index which ended the week down -2.79%

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) dropped -2.79% for the week ending Friday, March 22, 2019 to close at a value of 64.49. The index started with positive daily returns of 0.79% and 0.57% on Monday and Tuesday of the week, then began to reverse course and fell -3.94% on Friday as market sentiment shifted. The index ended the week in negative territory while year-to-date results remain substantially ahead with a total return gain of 29.02%.

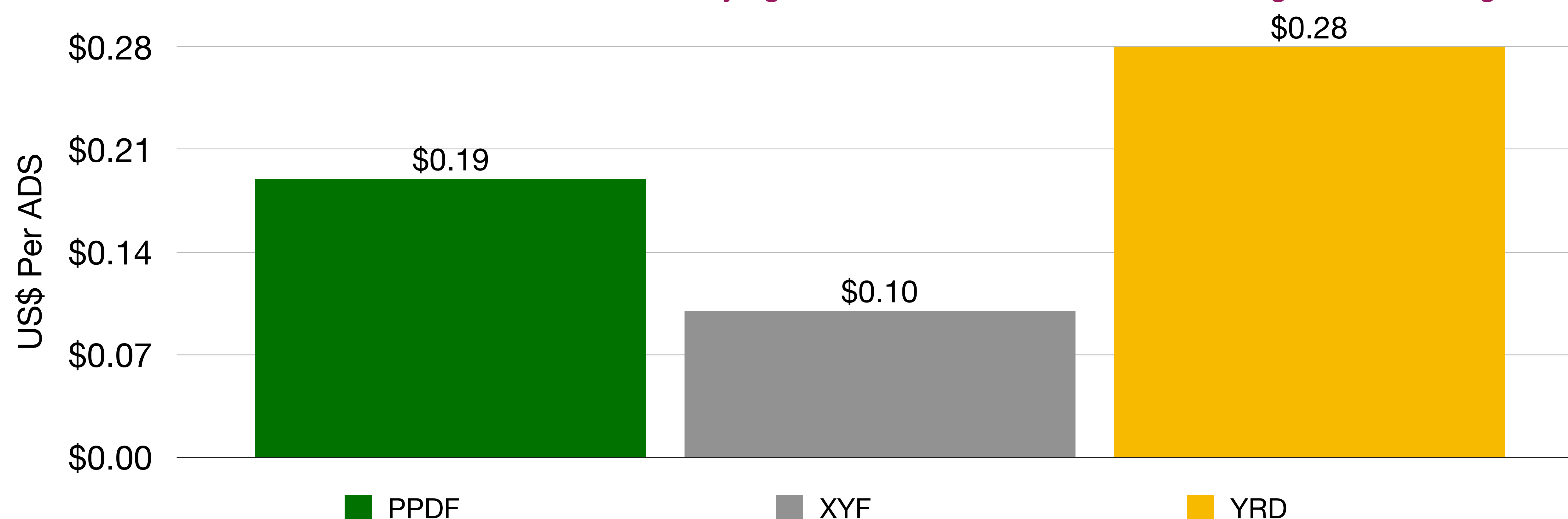
Investors' sentiment turned uneasy during the course of the week, driving stocks lower as signals pointed to a slowing economy. For the week, the Dow Jones Industrial Average finished down 460.19 points to end on Friday at 25,502.32, for a five-day decline of -1.34%. The S&P 500 fell -1.9% on Friday to 2,800.71, its biggest one-day drop since Jan. 3. The broad index ended the week down -0.77% while the technology heavy Nasdaq Composite declined -0.60% to 7,642.67. Financial stocks ended the even lower on the back of declining interest rates. The 3-month Treasury bill yield ended the week at 2.46%, turning the spread relative to the 10-year Treasury note negative for the first time since 2007. The yield on 10-year Treasuries ended the week at 2.44%, down 15 basis points and, as a result, new fears of a recession were ignited with the inverted yield curve serving as a worrisome leading indicator.

In addition, several announcements during the week contributed to a shift in sentiment globally, starting with news that a measure of U.S. manufacturing activity fell to a 21-month low and an index of manufacturing in the euro zone plunged to its lowest level since 2013. While the Federal Reserve Bank left interest rates unchanged and stated that it most likely will not raise interest rates for this year, unresolved trade talks between China and the U.S. contributed to investor concerns.

As the fourth quarter 2018 earnings report season moves on, two China-based peer-to-peer lending platforms announced unaudited financial results for the fourth quarter and full year ended December 31, 2018. Qudian Inc. (QD), a provider of online small consumer credit in China, met target with total revenues increasing by 20.9% year-on-year to RMB1,803.2 million (US\$262.3 million) in the fourth quarter while full year revenues increased by 61.1% year-on-year to RMB 7,692.3 million (US\$ 1,118.8 million). Although the comparative results were positive, the company's share price posted a gain through Thursday, but reversed course along with the broader market on Friday to end the week down -4.86%. X Financial (XYF), a technology-driven personal finance marketplace lender focused on serving China's underserved prime borrowers and mass affluent investors, reported 4Q non-GAAP earnings of \$0.26. This beat estimates by \$0.02. The company's stock climbed 10.09% for the week.

Along with its fourth quarter 2018 financial results announced on March 18, 2019, X Financial (XYF) became the third China-based marketplace lending platform to announce in March 2019 the payment of a cash dividend to be distributed for the fiscal year ended December 31, 2018. X-Financial is the latest and only third company to declare an annual or irregular dividend so far this year. The other two marketplace platforms, both China-based, include PPDF Group (PPDF) and Yirendai Ltd. (YRD). (See *Chart of the Week*). In addition to Hexindai Inc. (HX) which declared an annual dividend last year, only four of the 16 marketplace lending platforms that comprise the Peer-to-Peer Lending Platforms segment of the CrowdBureau Peer-to-Peer Lending and Equity Crowdfunding Index have paid a dividend to shareholders.

Chart of the Week: 2019 Dividend Paying Stocks in the Peer-to-Peer Lending Platforms Segment



Notes of Explanation: YRD declared an irregular dividend on 3/15/2019 versus PPDF and XYF that declared annual dividends.

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