

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

### MONTHLY RESULTS: JUNE 2019

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) ended the month of June and the second quarter 2019 on a positive note, posting increases of 3.90% and 10.69%, respectively, as global markets across all major asset classes posted gains even as trade concerns and fears of an economic slowdown persisted. The Index, which remains ahead with a total return gain of 45.96% since the start of the year, benefited from the favorable stock performance delivered by some of the largest peer-to-peer (P2P) lenders in the U.S. and China while at the same time being disadvantaged by the weak performance of some of China's marketplace lenders that have been facing challenging market conditions. (See Chart 1).

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

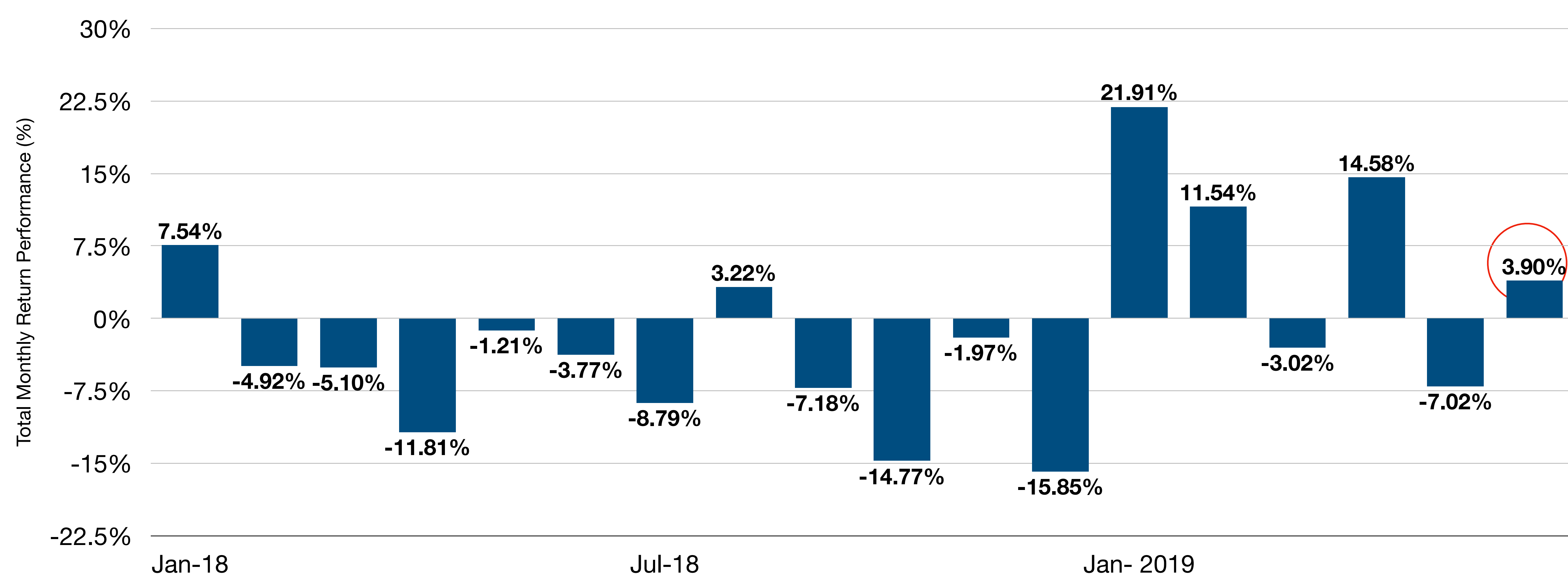


Chart 1. Source: CrowdBureau Corporation

### GENERAL STOCK MARKET CONSENSUS

Stocks and bonds in the U.S. and overseas recovered from May's declines to produce strong returns in June, ranging from a low of -0.27% posted by the MSCI India (NR) Index to highs of 12% or so for energy and biotechnology stocks (some commodities aside) and lift second quarter and year-to-date results. The S&P 500 Index, which gained 7.05% in June versus a decline of -6.35% the month prior, also advanced the three-month total return results to 4.30% and the year-to-date increase to 18.54% thanks, in part, to a perceived shift in the Federal Reserve Banks' appetite for interest-rate cuts. The Dow Jones Industrial Average gained 7.31% while the tech heavy Nasdaq Composite added 7.51% and shares of smaller companies, based on the Russell 2000 Index, posted results more or less in line with large caps with an increase of 7.07%.

Mounting fears of an economic slowdown served to push bond yields down globally and bond prices higher, contributing to the 1.26% June uptick in the Bloomberg Barclays U.S. Aggregate Index. The yield on the 10-year U.S. Treasury closed the quarter at 2%, nearly a half-percentage-point drop from the end of March, a downward roll that took many investors by surprise.

Outside the U.S., share prices also rose. The MSCI All Country World Index, ex US (NR) gained 6.02% in June and stands 13.60% higher since the start of the year. In Europe, stocks responded to hints of further monetary easing made by Mario Draghi, the European Central Bank President, who also called for a common Eurozone budget as an additional economic shock absorber. In China, notwithstanding trade tensions and signs that China's economy may be slowing, the MSCI China (NR) Index was up 8.03%.

## DIVERGENCE IN PERFORMANCE OF U.S. versus CHINA-BASED P2P LENDERS

The four U.S.-based peer-to-peer lending platforms posted an average gain of 8.82% in June, ranging from a low of 3.23% achieved by OnDeck Capital Inc. (ONDK) to a high of 11.79% recorded by LendingTree, Inc (TREE) which contributed meaningfully to aggregate performance given the firm's significant weight in the benchmark. LendingClub (LC) was not far behind with its 9.33% gain during a month when the company announced board approval to initiate a 1-for-5 reverse stock split effective following the close of the trading day on July 5. (See Chart 2)

**CHART 2: Price Performance of the U.S. based P2P Marketplace Lending Index Constituents for the month of June 2019.**

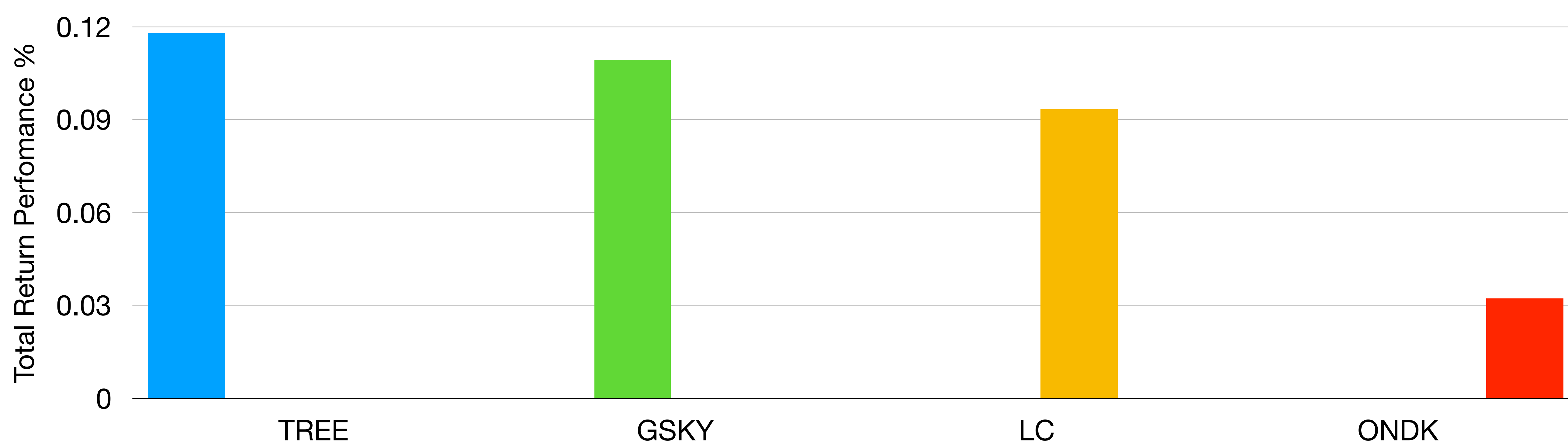


Chart 2. Source: CrowdBureau Corporation

In contrast to the performance results achieved by U.S.-based platforms, the 13-China-focused peer-to-peer lenders that comprise of the index generated an average decline of -10.46 which remains negative even after smoothing the average to exclude outlier results posted by 360 Finance (QFIN), down -26.88%, and Senmiao Technology (AIHS), down -48.99%. Senmiao, an online peer-to-peer lending marketplace that connects Chinese investors with individual and small-to-medium-sized enterprise borrowers while also providing auto leasing and automobile sales services, was one of three firms that announced capital raising transactions in June. Senmiao for one saw its share price drop significantly to end June at \$2.79 per share in a month during which the firm announced the closing of a \$6.0 million registered direct offering of common stocks and warrants. 360 Finance Inc. also seemed to lose investor confidence after announcing on June 21 a planned follow-on public offering of 7,500,000 American Depositary Shares (ADS) that was subsequently upsized to 9,609,000 ADS. The digital consumer finance platform dropped 14% after the announcement which only served to exacerbate its full month decline of -26.88%.

While some of the results were linked to company specific developments, as noted above, in general the returns reflected challenging market and regulatory conditions affecting peer-to-peer lenders in China, especially the smaller firms. The remaining 11 China-based platforms posted monthly declines ranging from a low -14.21% to -1.24%. (See Chart 3)

Notable exceptions that contributed to the performance of the index included Qudian (QD), the second largest platform based on 2018 annual revenues that gained a strong 9.49%. The company, which lifted and closed on its capital raise by offering \$300 million in convertible senior notes, enjoyed earnings momentum and positive analysis reports. The second was CN Finance (CNF) with a gain of 6.85%.

Chart 2. Source: CrowdBureau Corporation

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

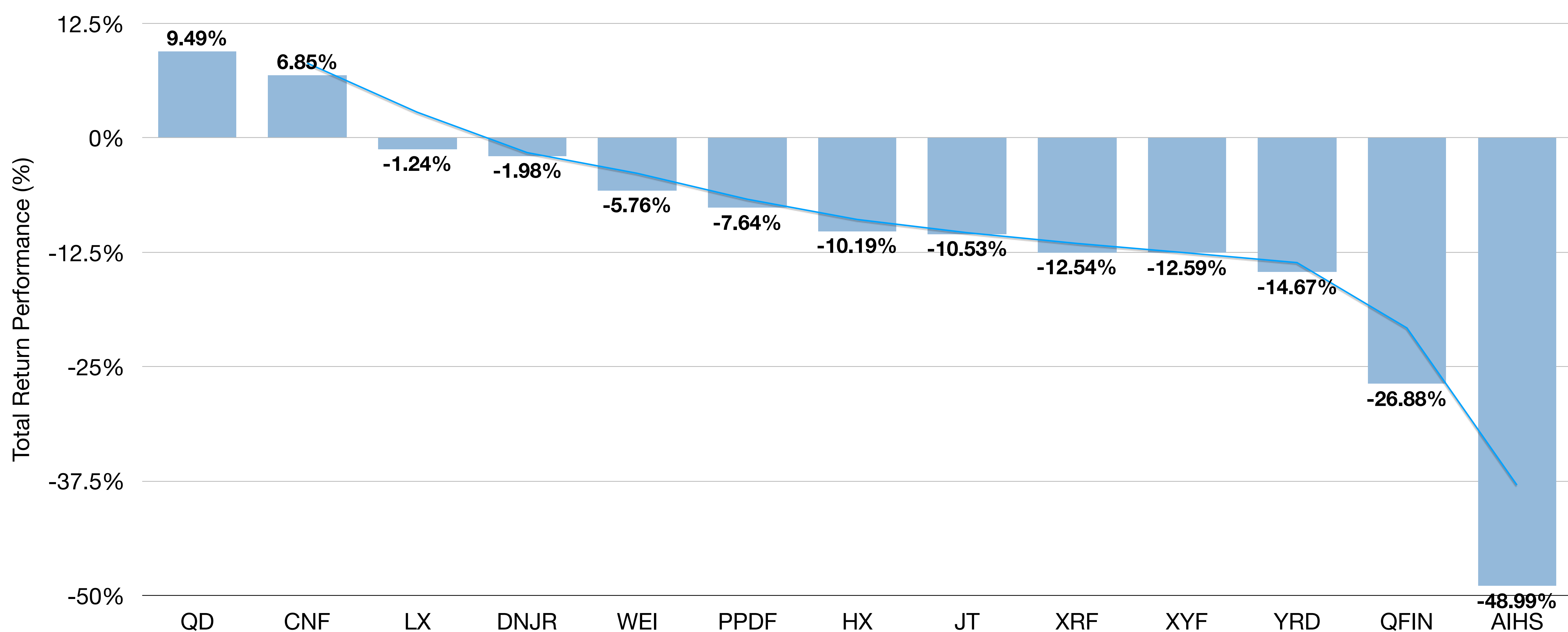


Chart 3. Source: CrowdBureau Corporation

**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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