

August 12 - 16, 2019 Weekly Index Research Update

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The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) posted its fifth consecutive weekly decline, giving up -1.44%. The conclusion to a volatile trading week during which investors reacted to concerns over global growth and trade tensions. The index was down 22% at the close on Wednesday, briefly landing in bear market territory since registering a peak on May 3, 2019. The Index recovered somewhat on Thursday and Friday with gains of 1.28% and 2.38%, respectively, for a two-day increase of 3.66%. **Refer to the Chart of the Week.**

Trading was erratic this week as investors were buffeted by fears of slowing global growth. On the one hand, the impact of U.S. and China trade tensions; and falling bond yields adversely impacted market sentiment, while positive news regarding U.S. retail sales on the other hand moved pushed the other way. On Wednesday, the S&P 500 suffered its second steepest drop this year when it dipped -2.3% following and preceding four days of volatile trading during which the benchmark moved more than one percent in either direction. In the end, the S&P 500 closed -1.03% lower. The Dow Jones Industrial Average suffered its biggest decline of the year, falling 800 points to end the day down -3.05%. These results came on the same day the 10-year Treasury yields closed at 1.59%, from 1.68% the day prior and 15 bps lower from the start of the week. The relationship between 90-day and 10-year Treasury yields, a widely followed leading recession indicator, which has been consistently inverted since May of this year, drew renewed attention when the yields on 10-year Treasuries briefly fell below two-year Treasury yields. Be that as it may, strong retail sales data released by the Commerce Department and the National Retail Federation on Thursday showed that retail sales were up in July. This seemed to overcome lower industrial output and growth data reported by Germany and China, shifting stocks higher on Thursday and Friday. The Dow Jones Industrial Average ended down -1.53% while the Nasdaq Composite gave up -0.79% to finish the week.

Stocks also ended lower outside the U.S.. Europe posted a decline of -1.45% and the Pacific Region ended the week -1.18%, according to S&P Global Broad Market Indices.

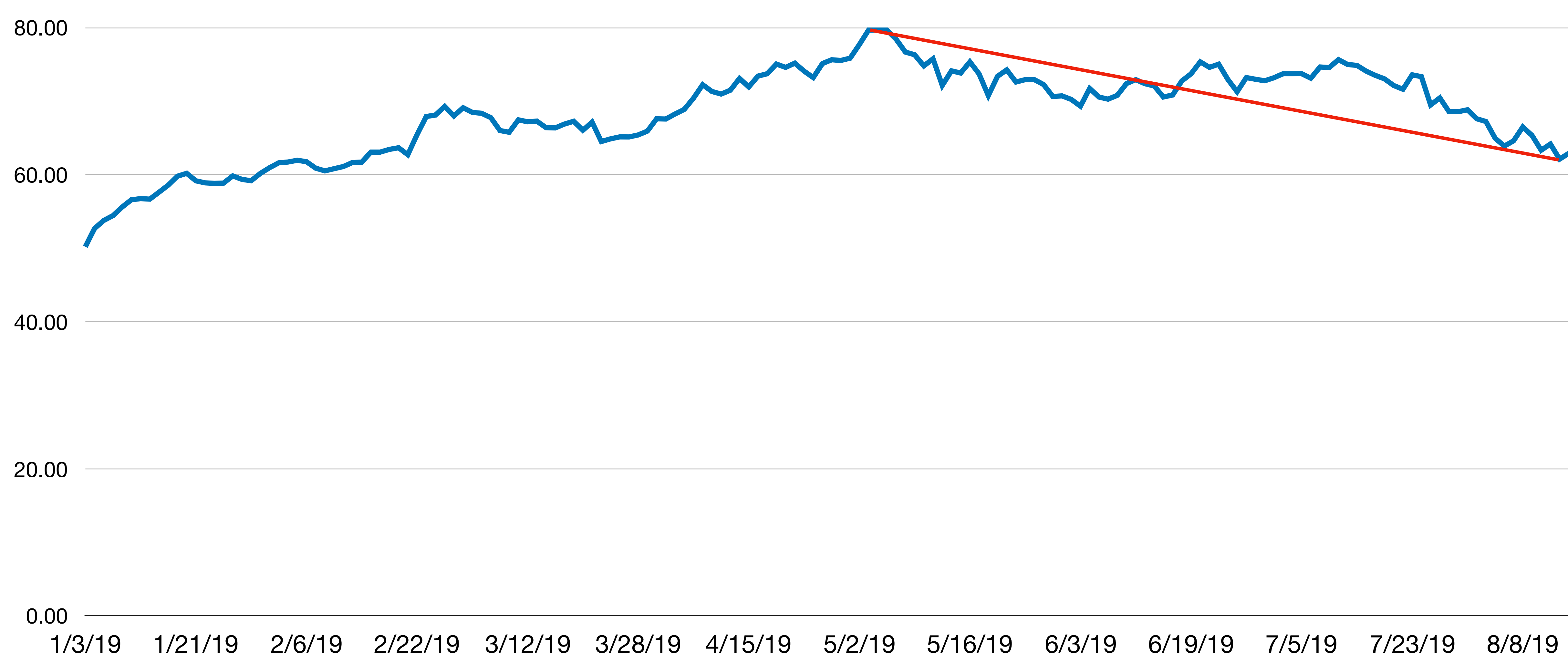
The financial sector (along with energy) was especially hard hit this week, giving up -2.16%. This also spilled over into the marketplace lending sector, with 11 of 17 stocks that comprise the segment in the Index registering negative results.

Two of the 13 China-based marketplace lenders included in the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index that reported unaudited earnings this week were Senmiao Technology (AIHS) and Qudian (QD). A third firm, Golden Bull (DNJR), in an August 13, Securities and Exchange Commission (SEC) regulatory 6-K filing reported lower transactions and loan volumes as of June 30, 2019, a potential contingent liability arising due to defaulted loans and the establishment of new lines of business. Announcements this past week by each of the three firms demonstrate both the challenges and evolving business strategies that have been adopted by marketplace lenders in China to bolster their operations. To a lesser extent, these are also reflective of developments affecting their U.S. counterparts.

Senmiao Technology, one of the smaller P2P index members based on annual revenues, reported total revenues for the second quarter ended June 30, 2019 in the amount of \$5,094,440, for a year-over-year increase from \$125,026, or 3,975%, while gross profit increased 758% to \$1.1 million. The increase is attributable to the firm's pivot in late 2018 into the automobile financial leasing market and away from P2P lending by way of an acquisition of a 60% equity interest in Hunan Ruixi Financial Leasing Co., Ltd., a Chinese licensed financial leasing company. Senmiao now derives 98.4% of total revenue from leasing operation. The stock ended the week 8.9% lower.

Qudian, the largest of the China-based P2P index members by revenue, also reported unaudited earnings this week, beating analysts' consensus earnings per share (EPS) for the fifth consecutive quarter. The company reported an 11.9% increase in registered users to 76 million and a slight increase in quarter-over quarter revenues entirely due to the ramp up in its open platform initiative by which Qudian derives a referral service fee from various financial institutions. Year-over-year revenues were largely flat due to the discontinuation of Dabai Auto, the company's auto finance leasing initiative launched in late 2017. The company's stock was flat for the week.

**Chart of the Week: CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index Daily Returns
May 3, 2019 – August 16, 2019**



Notes of Explanation: The Index reached a value of 62.11 at the close on Wednesday, 8/14/2019, down -22% since registering a peak value of 79.65 on May 3, 2019. It recovered somewhat on Thursday and Friday of the week with gains of 1.28% and 2.38%, respectively.

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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 based 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 a centralized database with indexes, analytical models, data, a peer-to-peer lending series of benchmarks by sectors such as consumer loans, business loans, real estate, student automobile loans, agriculture and other. CrowdBureau Corporation serves money managers, banks, insurance companies, traders and universities. For more information, visit us at <https://www.crowdbureau.com>

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