

August 26 - 30, 2019 Weekly Index Research Update

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) eked out a gain of 0.35% and reversed course after registering six weekly declines

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) eked out a slight gain to end the week up 0.35%. In an otherwise volatile month, stocks responded positively to a softening in the U.S.- China trade rhetoric that shifted emphasis from threats of tariffs and counter-tariffs to “meaningful talks” with China. The CrowdBureau Index also benefited as over half of the 32 index members posted gains for the week. Still, the Index, which remains up 25.32% on a year-to-date basis, was down -8.97% in the month of August—the worst monthly total return so far this year. **Refer to the Chart of the Week.**

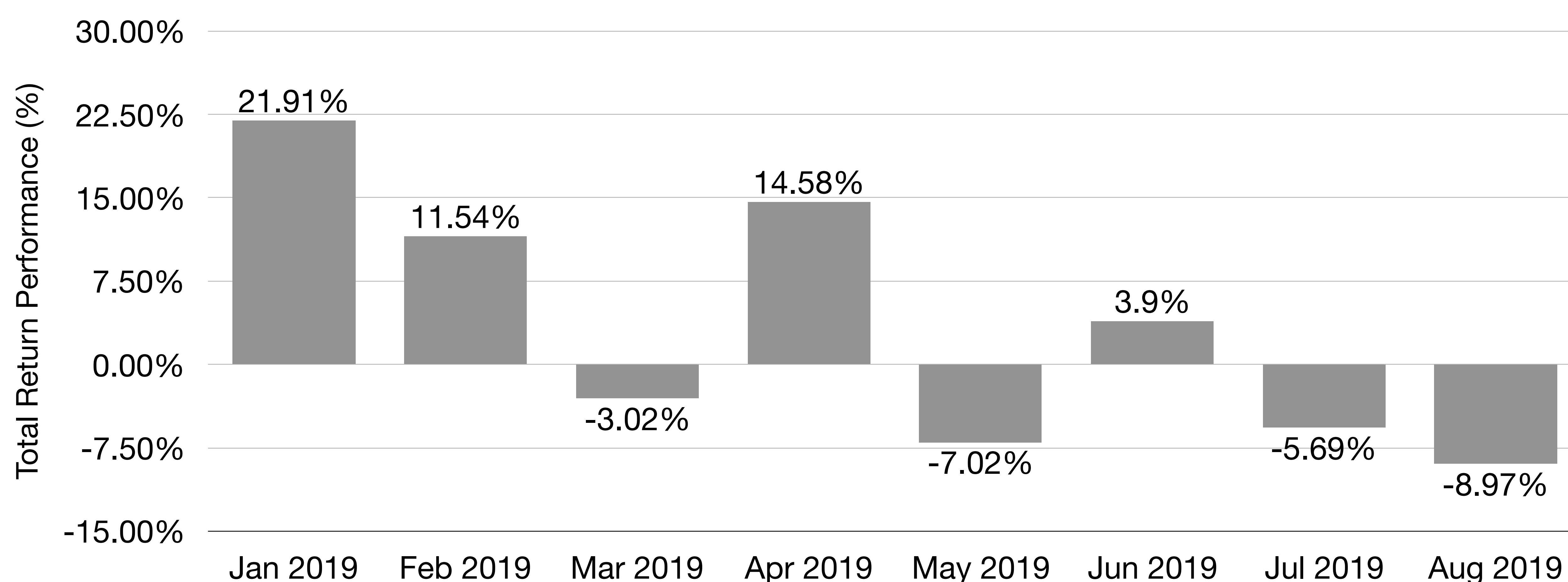
After registering declines for three consecutive weeks, the S&P 500 Index posted a gain of 2.79% during the last five trading days of the month. At the same time, the Dow Jones Industrial Average gained 3.02% while the Nasdaq Composite added 2.72%. A softening in the U.S.- China trade rhetoric eclipsed uncertainties regarding trade negotiations generally and in particular the September 1 implementation of new tariffs by the U.S. and China. Also discounted by the market were conflicting economic reports issued this week. On August 29 the Department of Commerce’s Bureau of Economic Analysis released a “second” estimate of real gross domestic product (GDP) for the second quarter. According to the Bureau, GDP increased at an annual rate of 2.0%, reflecting a downward revision of 0.1% relative to the advance estimate issued in July and compared to the first quarter during which real GDP increased 3.1%. Personal consumption expenditures contributed to the increase in second quarter real GDP, however, consumer confidence may be weakening. According to the final August reading by the Consumer Sentiment Index published by the University of Michigan, the final value came in at 89.8, down 8.6 from the July reading or the largest monthly decline since December 2012. The recent decline is due to negative references to tariffs, which were spontaneously mentioned by one-in-three consumers. Yields on 10-year Treasuries didn’t budge in response to the August reading, but yields did give up 2 basis points to end the week at 1.50%.

Temporary tariffs-linked relief was also reflected in the share price changes of other geographic regions as Europe, Latin America and the Pacific Region posted weekly increases of 1.22%, 2.54% and 0.49%, respectively, according to S&P Global Broad Market Indices.

Within the peer-to-peer lending platforms (P2P) segment of the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index declining stocks outnumbered advancing stocks with only seven of the 17 P2P index members scoring gains for the week. Nevertheless, the Index managed to get a lift from the performance of its more heavily weighted constituents combined with the generally positive results achieved by stocks that comprise the three other index segments. Two additional P2P firms reported second quarter earnings this week, for a total of 12 of the 17 P2P firms reporting 2nd quarter results thus far. Lexin Fintech (LX) reported strong increases in the number of registered users and quarter-over-quarter revenue gains sourced to online direct sales, services and corresponding loan facilitation and servicing fees that are almost entirely financed by institutional funders. The company, which beat consensus earnings per share (EPS) estimates, also restated its unaudited financial results for the quarter ended March 31, 2019 after discovering some errors that overstated revenues revenue from financial services income was overstated by RMB129 million (USD\$ 17,986,614), as certain discounts and interests waived were not appropriately recorded due to unintentional use of incorrect system reports in connection with the preparation of financial statement adjustments. In response, LX undertook a review of its relevant internal control processes and started to implement additional measures to address potential control deficiencies. Additionally, the Company recorded an out-of-period adjustment of RMB66.1 million (USD\$ 9,216,397) to financial services income for the quarter ended March 31, 2019, to correct the cumulative effect of errors in recording discounts and interests waived in the periods prior to December 31, 2018. The company’s stock price ended the week higher, gaining 2.19%.

Jianpu Technology Inc. (JT), provides partnerships to financial institutions for loan and credit card product recommendations through advertising and marketing on the JT platform, reported 24.5% year-over-year growth in the credit card recommendation line of their business while the loan recommendation business line suffered a significant year-over-year decrease in the second quarter. The company’s software-as a service model for big data and risk management services increased, during a period of slower domestic economic growth, uncertain global macro environmental factors. During the quarter the company fully relaunched its mobile application in all app stores, and confirmed completing the repurchase of \$29.7m shares of the \$30m Board approved 2018 share repurchase program. Still, JT reported lower quarter-over-quarter earnings results due, in part, to higher sales and marketing costs. The stock was down -16.85% for the week.

Chart of the Week: CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index Monthly Performance January 2019 – August 2019



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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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