

Fidelis Private Fund, LP – 3rd Quarter 2020 Performance Report

Message from John Lloyd, Co-Founder, President & CEO



On behalf of the General Partner of Fidelis Private Fund, LP, I would like to thank the Limited Partners for their investment in and commitment to Fidelis.

It has been nine months since the COVID-19 pandemic began, which has changed how we work, live, and interact with people. Besides the obvious health dangers from this pandemic, this crisis has impacted every aspect of our economy.

I am happy to share with you that Fidelis Private Fund continues to thrive and grow, evidenced by these performance indicators:

- 8%+ annualized investor yield each quarter since inception
- Increased new Limited Partner capital by \$1,356,814 in the 3rd quarter of 2020
- Zero loan delinquencies (30 loans)
- Funded \$3,605,000 in loan commitments in the 3rd quarter 2020
- Achieved an allocation for loan/loss reserves of 2.00% of total loan commitments.

How is Fidelis successfully navigating through this COVID pandemic?

- We are selectively dealing with high-quality clients, most of whom are repeat borrowers who have the financial strength to weather this storm.
- We are purposely shying away from real estate directly associated with industries most negatively impacted by this pandemic. For example, certain businesses are suffering like restaurants, but other companies are having their best years ever, such as food stores, liquor C-stores, delivery businesses, and others. Additionally, there are several niches of the real estate market that are doing extremely well, such as the industrial and detached single-family sectors.
- We are diversifying our loan portfolio and spreading the risk by funding smaller loans, on average less than \$500K per loan.
- We are actively arranging financing for borrowers with liquidity and foresight. Consequently, those individuals and companies as well as Fidelis itself, are taking advantage of new investment opportunities that result from inefficiencies in the market.

Our success is predicated on our Limited Partners' participation and quality borrower relationships we have established over the years, along with an experienced Fidelis General Partner who knows how to choose the right investment opportunities while navigating the Fund through uncertain times.

We are excited to deliver an annualized 3rd quarter yield to our Limited Partners of 8.08%.

Fidelis Private Fund – Q3 2020 Financial Performance

This quarterly report includes an overview of financial performance, outlook for the future, and further information regarding our Fund and our strategy. Included is a financial performance dashboard.

Unique to most mortgage funds, Fidelis Private Fund is a one-stop-shop for commercial real estate financing needs. Not every borrower needs a short-term bridge loan from Fidelis, nor do we have the capacity to service all the loan requests we receive. Therefore, as a service to our clients, we broker loans that we could not otherwise do, and it's a win/win for our clients and our investors.

Q3 2020 Investor Annualized Return

Fidelis Private Fund generated for the 3rd quarter an annualized return of **8.08%** for those Limited Partners invested in the Fund before the last month of the quarter.

The annualized yield achieved includes a Loan/Loss Reserve currently at 2.00% of total loan commitments. This reserve protects Limited Partners against unforeseen future pitfalls in the economy (note the reserve expense in any one quarter only applies to new loan commitments that exceed the previous quarter's total of loan commitments).

Limited Partner Capital

Fidelis' Limited Partner capital as of 6/30/2020 was \$7,730,664. For the 3rd quarter, as of 9/30/20, the Limited Partner ending capital balance was \$9,087,478. (*Beginning and ending capital balances include capital invested in the prior month not included in the yield calculation*). This increase was due to a combination of earnings and new capital, an 18% increase over last quarter.

Loan Commitments/Performance/LTV/Loan-Loss Reserve

We closed \$3,605,000 in new loan commitments in the 3rd quarter for total gross notes receivable of \$11,156,358, with existing loan balances outstanding of \$9,865,358, resulting in \$1,291,000 in undisbursed loan commitments. We had \$3,412,460 in existing loans payoff. Out of 31 loans in the portfolio, we had zero delinquencies. The average loan portfolio LTV ratio was 60%. Our target Loan/Loss Reserve is 2.50% of Gross Notes Receivable. As of 9/30/2020, the Loan/Loss Reserve was \$223,126 or 2.00%.

Further performance detail is provided in the ensuing pages along with our Fidelis Financial Performance Dashboard documents.

3rd Quarter 2020 Highlights:

- We are finally ready to launch our new Fidelis Investor Portal in the 4th quarter of 2020. The online portal will allow investors individualized access to their capital accounts.
- We held a Webinar Zoom meeting on October 1st with our Limited Partners and prospective investors covering the Fidelis fund performance and information on the new online portal system that will soon be available. [Click to watch the webinar if you missed it](#) (it's approximately 37 minutes).



Fidelis General Business Outlook

- Interest rates should remain low for the near future. However, the increase in government debt will put upward pressure on interest rates in the future.
- Residential housing, mainly the single-family market, and the industrial sector will remain strong. Office and retail will be segments that will be most hurt by this pandemic.
- During this downturn, we will actively look for conservative loans and continue to capitalize on loan opportunities where timing is critical and where there is added value potential. My experience has been that conservative loans made during a downturn can be some of the best loans on the books as you come out of the cycle. These opportunities are a win/win for our borrowers and our investors.
- Fidelis has a finite source of capital, and we cannot directly fund all the loan opportunities that come across our desk. We are actively arranging mortgage brokerage opportunities to help borrowers fund loans.

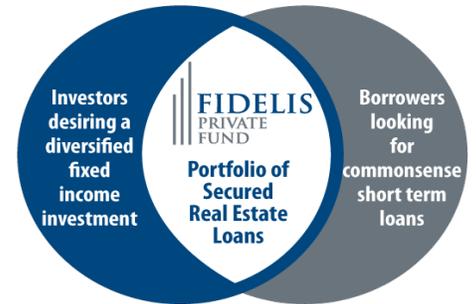
Fidelis 4th Qtr. 2020 Outlook

- We look to have our new online portal fully functional for our investors by the end of the 4th Quarter 2020. Our investors will be able to go online to view their capital investment and overall company statistics in real-time.

- Health conditions permitting, we hope to schedule a Limited Partner and prospective investor meeting in person at The University Club in January 2021.
- We want to raise more limited partner capital in the coming months. This benefits existing Fidelis Limited Partners and our client borrowers. With more capital, we improve our efficiencies and absorb our fixed costs through economies of scale, resulting in better investor yields, product diversification, and more satisfied clients.

Our Model: Growing Value with Purpose

The Fidelis business model is simple. We are a direct portfolio lender specializing in commercial and residential investment real estate loans offering accredited investors the opportunity to invest in a pool of real estate secured loans generating a competitive rate of return with moderate risk and reasonable liquidity.



"We Provide Real Estate Financing Solutions for Timely Execution."

We are grateful for the partnership and participation of our Limited Partners. We have a proven business model and a Fund Manager who is experienced with prior success. John Lloyd has been fortunate to establish long-term relationships with investors, borrowers, and brokers over the last 30 years resulting in a solid foundation from which to scale Fidelis Private Fund.

The combination of an excellent business model, a loyal client base, and general partners who have a long-term investment approach has allowed Fidelis to generate an exceptional return to our Limited Partners while establishing a 2.00% loan/loss reserve of total loan commitments.

Investor Insights



If you want to escape the volatility of the stock market, existing Limited Partners can always add to your capital account anytime with no minimum amount required. If you have any questions about your investment, do not hesitate to contact us.

If you know of an accredited investor who would benefit from an investment in Fidelis, please pass along this information. They may contact John Lloyd at 760-258-4486. Visit our website at FidelisPF.com for more information about Fidelis Private Fund.

Thank you for the opportunity to help make Fidelis a successful investment vehicle for fixed income investors.



John P. Lloyd
President & CEO

FIDELIS ||| PRIVATE FUND

Growing Value with Purpose

845 15th Street, Ste 201, San Diego, CA 92101
760-258-4486 | www.FidelisPF.com