

Fidelis Private Fund, LP – 4th 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.

I am happy to share with you 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 \$3,846,495 in the 4th quarter of 2020
- Zero loan delinquencies (42 loans)
- Fidelis Funded \$5,988,000 in loan commitments in the 4th quarter 2020
- We achieved an allocation for loan/loss reserves of 2.00% of total loan commitments.

We are continuing to be conservative in our underwriting and selectively dealing with high-quality clients, most of whom are repeat borrowers who have the financial strength to weather this time of economic uncertainty related to the pandemic. We are actively arranging financing for borrowers with liquidity and foresight. We are taking advantage of the investment opportunities that are resulting from the inefficiencies in the market. Also, we believe this only will get better as the fallout from the commercial real estate market shakes out.

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 4th quarter yield to our Limited Partners of 8.06%.

Fidelis Private Fund – Q4 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.

Q4 2020 Investor Annualized Return

Fidelis Private Fund generated for the 4th quarter an annualized return of **8.06%** 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 9/30/2020 was \$9,087,478. For the 4th quarter, as of 12/31/20, the Limited Partner ending capital balance was \$12,933,973. (*Beginning and ending capital balances include capital invested in the prior month not included in the yield calculation*). This increase in capital was due to a combination of earnings and new capital, a 42% increase over the last quarter.

Loan Commitments/Performance/LTV/Loan-Loss Reserve

We closed \$5,988,000 in new loan commitments in the 4th quarter for total gross notes receivable of \$15,831,409, with existing loan balances outstanding of \$14,102,409, resulting in \$1,729,000 in undisbursed loan commitments. We had \$1,245,000 in existing loans pay off. Out of 42 loans in the portfolio, we have zero delinquencies. The

Fidelis Private Fund Quarterly Performance Report – Q3 2020

average loan portfolio LTV ratio was 58%. Our target Loan/Loss Reserve is 2.50% of Gross Notes Receivable. As of 12/31/2020, the Loan/Loss Reserve was \$315,840 or 2.00%.

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

4th Quarter 2020 Highlights

- We are excited to have launched our new Fidelis Investor Portal in the 4th quarter of 2020. The online portal allows investors individualized access to their capital accounts. [Click the link to the investor portal on website](#)
- I am proud to announce the addition of a new shareholder of the General Partner of Fidelis Private Fund, Inc. Sam Attisha became a minority shareholder in October 2020. Sam is a self-employed entrepreneur of numerous businesses in San Diego and adds strength to an already solid general partnership.
- Investor capital increased by \$3,846,495 in the 4th quarter or 42% from 3rd Qtr. 2020

Fidelis General Business Outlook

- My outlook from last quarter is pretty much the same this quarter. Interest rates should remain low in the interim. However, the increase in government debt will put upward pressure on interest rates in the future. If you have not done so already, consider watching my bi-weekly video on “What’s on the Horizon for San Diego Real Estate.” [Click to watch.](#)
- 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 actively arrange mortgage brokerage opportunities to help borrowers achieve their financial goals.



Fidelis 1st Qtr. 2021 Outlook

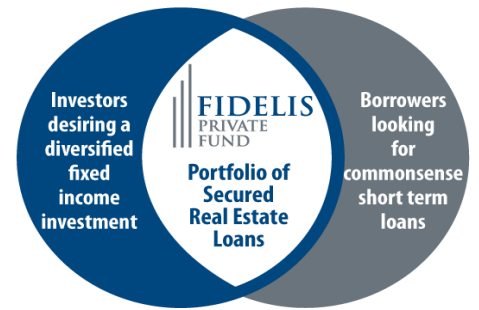
- Our goal is to preserve capital and generate an acceptable return for our investors. We hope to achieve total capital by year-end 2021 of \$25M and to have funded \$20M in loan commitments.
- We are excited to have our new online investor portal fully functional for our investors for 2021.
- We had an investor event scheduled for December 10th at Dobson’s Restaurant in downtown San Diego. We had to cancel it due to the COVID restrictions. However, as soon as we can safely have the event, we will let you know.
- Health conditions permitting, we hope to schedule a Limited Partner and prospective investor meeting in person later this year.



- As loan demand remains steady, we are accepting new limited partner capital. 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 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. I have 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. Potential investors 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



Growing Value with Purpose

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