

Fidelis Private Fund, LP – 3rd Quarter 2022 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 that Fidelis Private Fund continues to thrive and grow, evidenced by these key performance indicators:

- 8%+ annualized investor yield each quarter since inception
- Increased Limited Partner capital balances by \$2,756,913 in the 3rd quarter of 2022
- One loan 30 days late out of 80 loans.
- Fidelis Funded \$10,261,250 in loan commitments in the 3rd quarter of 2022
- We achieved a loan/loss reserve of \$1,392,578 or 2.43% of total loan commitments.

We are excited to deliver an average annualized 3rd quarter yield to our Limited Partners of 8.33%.

Fidelis Private Fund – Q3 2022 – Financial Performance

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

Q3 2022 Investor Annualized Return

- Fidelis Private Fund generated for the 3rd quarter an average annualized return of **8.33%** for those Limited Partners invested in the Fund before the last month of the quarter.
- The annualized yield includes a Loan/Loss Reserve currently at 2.43% of total loan commitments. This reserve protects our partnership 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 6/30/2022 was \$37,961,430. For the 3rd quarter, as of 9/30/22, the Limited Partner ending capital balance was \$40,718,343. This increase in capital was due to a combination of earnings and new capital, a 7.26% increase over the last quarter. (*Beginning and ending capital balances include capital invested in the prior month not included in the yield calculation*).

Loan Commitments/Performance/LTV/Loan-Loss Reserve

- We closed \$10,261,250 in new loan commitments in the 3rd quarter for total gross notes receivable of \$57,295,536, with existing loan balances outstanding of \$48,525,132, resulting in \$8,770,405 in undisbursed loan commitments. We had \$7,050,081 in loan principal pay downs in the 3rd quarter of 2022. Out of 80 loans in the portfolio, we have one \$473,802 loan 30 days late and we expect it to be made current by the end of October 2022. The average loan portfolio LTV ratio was approximately 60%. As of 9/30/2022, the Loan/Loss Reserve was \$1,392,578, or 2.43% of total loan commitments.

Q3 2022 – Referral Fee Income

- Unique to most mortgage funds, Fidelis Private Fund is a one-stop solution for commercial real estate financing needs. Not every borrower needs a short-term bridge loan from Fidelis, nor do we have the capacity to fund all the loan requests we receive directly. Therefore, we generate referral fee income on loans we could not otherwise directly fund as a service to our clients through the broker Cornerstone Commercial Mortgage, wholly owned by John Lloyd. Fidelis shares in the fees. It's a win/win for our clients and our investors. Fidelis generated \$10,984 in referral fee income for the 3rd quarter of 2022.

3rd Qtr. 2022 Highlights

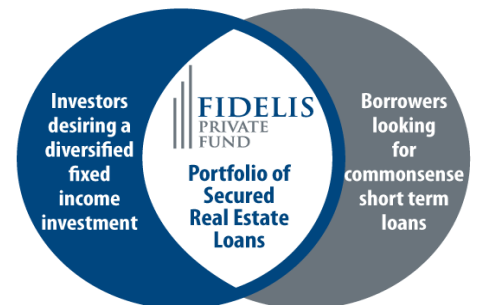
- The Fed increased short-term rates another 1.50% in the 3rd quarter resulting in a 6.25% prime rate.
- The shortage of San Diego housing continues to generate demand for multi-family loan requests.
- We moved our corporate office on August 1, 2022, and are sharing office space with Fidelis's general partners, Jon Maddux and Chad Ruyle, owners of FundLoans, a residential mortgage company.
- We had another successful Fidelis Partner Connect event at our new corporate office on September 15, 2022. [Click to watch a one-minute video of the event highlights.](#)

4th Qtr. 2022 Outlook

- Until we see higher unemployment, wage, and price stabilization, the Fed will continue to raise short-term interest rates, resulting in higher long-term rates.
- I see a modest decline in single-family residential prices for 1-4 unit properties, which will generate some investment opportunities, translating into loan opportunities for Fidelis Private Fund.
- Multi-family property values will remain stable with low vacancies resulting in a strong rental market (higher rents) as fewer renters can afford to purchase a home.
- In this higher interest rate environment, the exit strategy for loans in the Fidelis portfolio will be challenged and squeeze the borrower's profit margin, whether in a refinance or sale.
- In any downturn, there are investment opportunities, and this slowdown is no different. Private money is always in demand when conventional credit tightens, creating loan opportunities. The best time to lend is in a down market. When values start to increase, so does the equity in the collateral.

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. [Click to see an Overview of our Business Model](#) to share with prospective Fidelis investors you may know.



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

Investor Insights



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

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Growing Value with Purpose

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