

Fidelis Private Fund, LP – 4th 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 \$5,770,720 in the 4th quarter of 2022
- No loans delinquent out of 91.
- Fidelis Funded \$9,271,000 in loan commitments and additional advances in the 4th quarter of 2022

- We achieved a loan/loss reserve of \$1,519,286 or 2.51% of total loan commitments.

We are excited to deliver an average annualized 4th quarter yield to our Limited Partners of 8.54%.

Fidelis Private Fund – Q4 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.

Q4 2022 Investor Annualized Return

- Fidelis Private Fund generated for the 4th quarter an average annualized return of **8.54%** 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 2.51% 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

- For the 4th quarter, as of 12/31/22, the Limited Partner ending capital balance was \$46,489,063. This increase in capital was due to a combination of earnings and new capital, a 14% increase over the last quarter.

Loan Commitments/Performance/LTV/Loan-Loss Reserve

- We closed \$9,271,000 in new loan commitments and additional advances in the 4th quarter for total gross notes receivable of \$60,582,353, with existing loan balances outstanding of \$52,540,821, resulting in \$8,041,533 in undisbursed loan commitments. We had \$5,999,183 in loan principal pay downs in the 4th quarter of 2022. Out of 91 loans in the portfolio, we have zero delinquent loans. The average loan portfolio LTV ratio was approximately 58%. As of 12/31/2022, the Loan/Loss Reserve was \$1,519,286, or 2.51% of total loan commitments.

Referral Broker Fee Income

- Through the broker, Cornerstone Commercial Mortgage, wholly owned by John Lloyd, Fidelis generated \$4,935 in mortgage brokerage fee income for the 4th quarter of 2022 and \$30,039 for the full year to date 2022.

Community Impact

- Since its inception, Fidelis Private Fund has worked with investors who see value and potential in the commercial real estate and residential real estate sectors. We have been privileged to help investors from diverse backgrounds doing business primarily in San Diego County. The results are an overall improvement in the quality of individual properties with net gains in terms of economic development and the increase of residential housing units. We feel that in addition to striving to be a valuable financial partner to entrepreneurs and developers, Fidelis Private Fund is contributing to strengthening neighborhoods, serving diverse urban communities, and improving property values and related tax bases for the city and regional government.

4th Qtr. 2022 Highlights

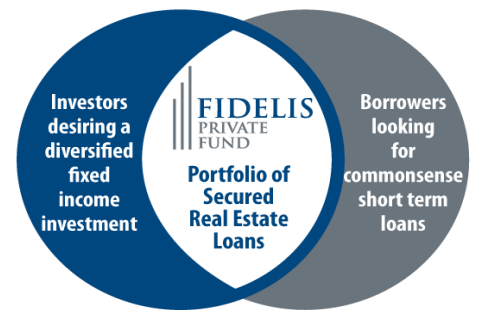
- The Fed increased short-term rates another 1.50% in the 4th quarter resulting in a 7.50% prime rate.
- Multi-family vacancy in San Diego was up slightly to 3.3% from the prior quarter with the average cap rates still low at 3.70%. See attached 4th Qtr. KM Report. [Click to view the full report.](#)
- Success story of a recent loan [click here.](#)

1st Qtr. 2023 Outlook

- Expect another small rate hike by the Fed in the 1st quarter, then a pause going into the 2nd quarter.
- Long-term interest rates will remain stable going into the next quarter, after a huge increase in the latter part of 2022.
- 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.
- Multi-family property values will still improve slightly 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.
- As banks continue to tighten lending activity, private money becomes more attractive creating more opportunities for Fidelis going into the 1st quarter of 2023. Therefore, creating a need for more Fidelis limited partner capital.

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

FIDELIS || PRIVATE FUND

Growing Value with Purpose

12481 High Bluff Drive, Ste 160; San Diego, CA 92130
760-258-4486 | www.FidelisPF.com