

Fidelis Private Fund, LP – 2nd Quarter 2023 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 delighted to inform you that Fidelis Private Fund continues to experience ongoing success, as demonstrated by the following significant performance indicators:

- 8%+ annualized investor yield each quarter since inception
- Increased Limited Partner capital balances by \$3,991,518 in the 2nd quarter of 2023
- Fidelis Funded \$8,667,100 in loan commitments and additional advances in the 2nd quarter of 2023
- We achieved a loan/loss reserve of \$1,686,186 or 2.23% of total loan commitments.

We are excited to deliver an average annualized 1st quarter yield to our Limited Partners of 8.73%.

Fidelis Private Fund – Q2 2023 – Financial Performance

In this quarterly report, we provide you with a comprehensive summary of our financial performance, a glimpse into our future prospects, and additional details about our Fund and strategic approach. We have also included a financial performance dashboard for your reference.

Q1 2023 Investor Annualized Return & Loan/Loss Reserve

- Fidelis Private Fund generated for the 2nd quarter an average annualized return of **8.73%** 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 2.23% 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 2nd quarter, as of 6/30/23, the Limited Partner ending capital balance was \$53,282,222. This increase in capital was due to a combination of earnings and new capital net of redemptions, an 8.09% increase over the last quarter.

Loan Commitments/Performance/LTV/Loan-Loss Reserve

- We closed \$8,667,100 in new loan commitments and additional advances in the 2nd quarter for total gross notes receivable of \$75,684,321, with existing loan balances outstanding of \$63,761,880, resulting in \$11,922,440 in undisbursed loan commitments. We had \$3,444,876 in loan principal pay downs in the 2nd quarter of 2023. Out of 101 loans in the portfolio, we have two delinquent loans, \$100,000 and \$115,000, with one in escrow to be sold and the other will be brought current in July 2023. The average loan portfolio LTV ratio was approximately 59%. As of 6/30/2023, the Loan/Loss Reserve was \$1,686,186 or 2.23% of total loan commitments.

Community Impact

- Since its inception, Fidelis Private Fund has worked with investors who see value and potential in the commercial and residential real estate investment sectors. We have been privileged to help investors from diverse backgrounds while 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.

2nd Qtr. 2023 Highlights

- In the second quarter, the Federal Reserve raised short-term rates by an additional 1/4 percentage point, bringing the prime rate to 8.25%.
- Despite the rise in interest rates, property values in San Diego County, both residential and commercial, have not significantly decreased. This can be attributed mainly to the limited availability of properties for sale.
- On June 27, 2023, the *San Diego Business Journal* published an article about Fidelis. To read the complete article, [click here](#).

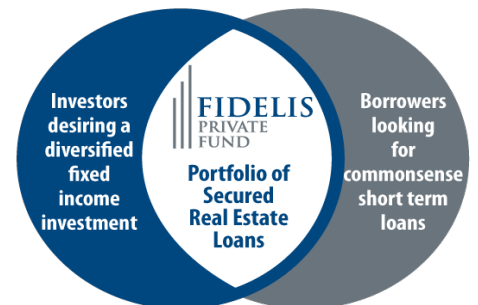
3rd Qtr. 2023 Outlook

- Although inflation is decreasing, it remains higher than the desired level by the Federal Reserve. Many anticipate that the Fed will raise short-term rates two more times this year. The question is whether the Fed's efforts to combat inflation will lead to a recession.
- The newly introduced legislation, aimed at increasing housing density in San Diego by allowing Additional Dwelling Units (ADUs) on properties, will continue to create investment opportunities. This, in turn, will result in loan opportunities for Fidelis.
- The values of multi-family properties are expected to experience slight improvements due to low vacancy rates, indicating a strong rental market with rents remaining stable. However, the limited availability of single-family homes will contribute to maintaining stable property values.
- Given the current higher interest rate environment, the process of exiting loans in the Fidelis portfolio will face challenges and put pressure on borrowers' profit margins, whether through refinancing or selling.

Our Model: Growing Value with Purpose

- The Fidelis business model is simple: We operate as a direct portfolio lender, focusing on providing commercial and residential investment real estate loans. Through our platform, accredited investors have the chance to invest in a pool of real estate-secured loans that offer an attractive rate of return, along with a moderate level of 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

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