

REPORT AND FINANCIAL STATEMENTS
MarkitLend US Consumer Finance Fund LP
For the years ended December 31, 2018 and 2017
with Report of Independent Auditors

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MarkitLend US Consumer Finance Fund

Partnership Information

General Partner	MarkitLend P2P Investments LLC
Investment Manager	MarkitLend Investment Advisors LLC
Registered Office	8 The Green, Suite A, Dover, DE 19901
CEO	Fernando V. Sanchez
CIO	Michael A. Sonenshine, CFA
Auditor	PricewaterhouseCoopers Slovensko, s.r.o.

Directors' Report

The Directors of the General Partner present their report and accounts for the MarkitLend US Consumer Finance Fund LP ("the Partnership") for the year ended December 31, 2018.

Activity

The Partnership was formed on December 23, 2016 under filing number 626297. The Partnership started investing in April 2017. The General Partner to the Partnership is MarkitLend P2P Investments LLC (the "General Partner") and the Investment Advisor to the Partnership is MarkitLend Investment Advisors LLC (the "Investment Advisor").

The investment objective of the MarkitLend US Consumer Finance Fund is to seek to high income and return of principal, taking into account the overall risks of investing, including the possibility of losses due to defaults and volatility of month-to-month and year-to-year returns.

The Partnership invests substantially all of its assets in US Consumer loans or structured instruments linked to such loans. US Consumer loans are loans made to US individuals whose stated purpose in borrowing is to finance or re-finance personal loans.

Results

At December 31, 2018, the net assets were \$113,972. Capital invested into the Partnership during the year was \$1,664. The Partnership's net income for the year was \$14,035. The net assets for the comparative period at December 31, 2017 were \$104,070 and the Partnership's net income for the year then ended was \$4,070.

The General Partner of the Partnership is satisfied that Partnership has been invested in line with its stated objectives. The General Partner believes the financial statements of the Partnership materially represent the true state of affairs of the Partnership.

Report of the Investment Manager

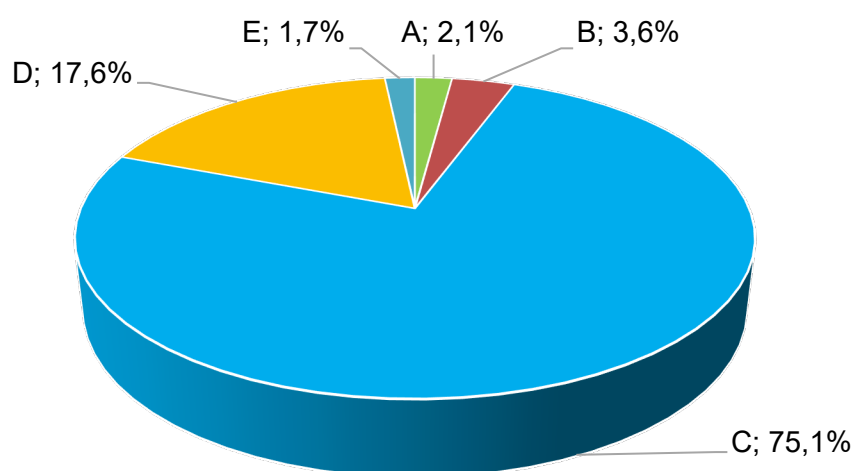
Fund net asset value per unit as at December 31, 2018 was \$11.23, a 7.88% increase over the December 31, 2017 net asset value per share of \$10.41.

The portfolio consists of Notes with payment that have contractual terms specifying payment of interest and principal monthly. All Notes are linked to the underlying performance of Consumer Loans. Each Note represents a share of the proceeds of a specified Consumer Loan. A Consumer Loan is a loan made to a consumer with stated purpose being for personal use. The Investment Advisor's policy is generally to invest in Notes linked to Consumer Loans made usually for the purpose of refinancing credit card debt.

Notes are issued with maturities of 36 and 60 months. As at 31 December 2018 the portfolio was invested in notes with an overall dollar weighted gross yield of 15.1% (2017: 15.05%) and 2.3 years (2.6 years) to maturity.

The Notes are issued by a Loan Originator. The Loan Originator is responsible for gathering the Consumer’s application data, calculating a credit score and then determining whether or not to issue the loan. Concurrently with loan issuance the Loan Originator issues Notes to the investors funding the loan.

All the loans in the portfolio as at year end were originated by Lending Club, one of the largest Peer to Peer lending companies in the United States. Lending Club assigns a grade to the loan that reflects the Originator’s calculated credit score. The inputs used for the assigned score include, *inter alia*, the consumer’s stated income, occupation, living situation, employment history, annual earnings, annual expenses and existing debt credit score as provided by credit rating agency FICO. The loan grades range from A1 to G5, with A1 being the highest and G5 being the lowest. The following chart shows the December 31, 2018 portfolio allocation by loan grade.



The Investment Advisor uses a proprietary loan selection algorithm that takes as inputs data from the Lending Club site about each loan listed for investment on the Lending Club site and determines whether or not the loan meets the Investment Advisor’s selection criteria fed into the algorithm. Accordingly, the algorithm submits buy orders. The loan selection model has not changed significantly during the past year.

As at year end 2018 the US Consumer Finance Fund portfolio consisted of 1,012 Notes. The following table presents an overview of the loans in the portfolio and the status.

Loan Status	Principal invested	Number of loans
Current	\$ 143,200	921
Issued	4,850	40
In Grace Period	1,825	14
Late (16 - 120 days)	5,325	28
In Funding	375	3
In Review	250	2
Issuing	500	4
Total active loans	156,325	1,012
Charged Off	9,850	42
Fully Paid	40,475	171

Since inception no capital has been withdrawn from the Fund. Interest and principal payments were re-invested. Substantially all of the portfolio was invested in 36 months notes, from inception in April 2017 to 31 December 2018, a period of about 1 year and 8 months, the Fund received approximately \$86,000 in principal payments and a further \$23,000 in interest payments. Thus, the Fund had invested in 1,225 notes, totaling \$206,650. Of this amount 171 loans totaling \$40,475 were fully repaid. A further 42 loans totaling \$9,850 original value were charged off as being uncollectable. However, these repaid approximately \$1,800 in principal and \$800 in interest before being charged off.

During the years ended December 31, 2018 and 2017 the portfolio generated \$15,128 and \$7,421, respectively, in cash from investment income, net of service fees and similar charges.

The notional principal value of the portfolio excluding the loans not yet issued as of December 31, 2018 stood at \$111,124 (2017: \$106,325). The unrealized gain on the fair value of the investments was \$2,262 (2017: \$2,596) and is primarily due to expected loan losses.

The assessed fair value of the loans held incorporates assumptions as to the level of interest rates and expected loan losses. The General Partner maintains a policy of creating a daily accrual for expected loan losses. The accrual reflects overall loan loss rates in the general pool of loans issued by the Loan Originator and the actual loan loss rates experienced within the Fund. Since inception of the Fund provisioned for expected loan losses total \$8,224 while actual loan losses totaled \$8,058.

Report of the General Partner

The Directors of the General Partner are Mr. Fernando Sanchez and Mr. Michael Sonenshine. The Directors have served continuously since the Partnership was formed. No Director have resigned or where appointed during the course of the year.

The General Partner is responsible for the maintaining the books and record of the Partnership, setting the investment objectives of the Partnership, determining the policy of the Partnership with respect to setting aside provisions for losses and for monitoring the overall portfolio in relation to the stated objectives.

The General Partner has appointed PricewaterhouseCoopers Slovensko, s.r.o. to audit the Partnership's financial statements for the years ended December 31, 2018 and 2017.

Statement of General Partner's Responsibilities in Respect of the Financial Statements

The General Partner is responsible for the preparation of financial statements for each financial period which give a true and fair View of the Partnership's state of affairs as at the end of the period and the results of its Operations for the period then ended.

In preparing those financial statements, the General Partner is required to ensure that the financial statements comply with the Limited Partnership Agreement and Accounting Principles Generally Accepted in the United States of America. The General Partner has prepared these financial statements on the going concern basis.

The General Partner is required to select suitable accounting policies and then apply them on a consistent basis. In doing so the General Partner is required to make judgements and estimates that are reasonable and prudent.

The General Partner is responsible for keeping proper accounting records, for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner hereby affirms that it has undertaken its duties in keeping with its fundamental responsibilities here stated. This report is signed as of July 12, 2019 by Michael Sonenshine, for and on behalf of the General Partner.

Signed for and on behalf of the General Partner



Michael A. Sonenshine



Report of Independent Auditors

To the General Partner of MarkitLend US Consumer Finance Fund LP

We have audited the accompanying financial statements of MarkitLend US Consumer Finance Fund LP, which comprise the Statement Assets, Liabilities and Partners' Capital, including the Condensed Schedule of Investments as of December 31, 2018 and 2017, and the related Statements of Operations, of Changes in Partners' Capital, and of Cash Flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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The firm's ID No. (IČO): 35 739 347.

Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ): 2020270021.

VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH): SK2020270021.

Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B, Oddiel: Sro.

The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MarkitLend US Consumer Finance Fund LP as of December 31, 2018 and 2017, and the results of its operations, changes in its partners' capital and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers Slovensko, s.r.o.

PricewaterhouseCoopers Slovensko, s.r.o.
Bratislava, July 12, 2019

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Statement Assets, Liabilities and Partners' Capital
As of December 31, 2018 and 2017
Expressed in U.S. Dollars

	2018	2017
Assets		
Cash and cash equivalents	\$ 2,276	\$ 479
Investments owned at fair value (2018 cost \$112,249; 2017 cost \$106,975)	111,914	104,378
Total assets	114,190	104,857
Liabilities		
Management fee payable	189	757
Other payables to the general partner	30	30
Total liabilities	219	787
Commitments (Note 7)		
Partners' capital	113,971	104,070
Total liabilities and partners' capital	\$ 114,190	\$ 104,857
Units of outstanding partners' capital	10,152	10,000
Net asset value (NAV) per unit	\$ 11.23	\$ 10.41

The accompanying notes are an integral part of these financial statements

**Condensed Schedule of Investments
As of December 31, 2018 and 2017
Expressed in U.S. Dollars**

December 31, 2018

	Cost	Fair Value	Fair Value as a % of Partners' Capital
Committed investments	\$ 1,125	\$ 1,125	1.0%
Investments in U.S. consumer loans	<u>\$ 111,124</u>	<u>\$ 110,789</u>	<u>97.2%</u>
Total investments owned (included committed cash)	<u>\$ 112,249</u>	<u>\$ 111,914</u>	<u>98.2%</u>

December 31, 2017

	Cost	Fair Value	Fair Value as a % of Partners' Capital
Committed investments	\$ 650	\$ 650	0.6%
Investments in U.S. consumer loans	<u>\$ 106,325</u>	<u>\$ 103,728</u>	<u>99.7%</u>
Total investments owned (included committed cash)	<u>\$ 106,975</u>	<u>\$ 104,378</u>	<u>100.3%</u>

The accompanying notes are an integral part of these financial statements

Statement of Operations
For the Years ended December 31, 2018 and 2017
Expressed in U.S. Dollars

	2018	2017
Investment income		
Interest income	\$ 15,642	\$ 7,661
Other income	292	3
Total investment income	<u>15,934</u>	<u>7,664</u>
Less:		
Loan servicing fees	806	240
Management fees	1,095	757
Total expenses	<u>1,901</u>	<u>997</u>
Net income	<u>\$ 14,033</u>	<u>\$ 6,667</u>
Realized and change in unrealized gain (loss) from investments		
Net realized gain (loss) from investments	(8,058)	-
Net change in unrealized gain (loss) from investments	2,262	(2,596)
Net realized and unrealized gain (loss) from investments	<u>(5,796)</u>	<u>(2,596)</u>
Net increase in partners' capital from operations	<u>\$ 8,237</u>	<u>\$ 4,071</u>

The accompanying notes are an integral part of these financial statements

Statement of Changes in Partners' Capital
For the Years ended December 31, 2018 and 2017
Expressed in U.S. Dollars

	2018	2017
Partners' capital, January 1	\$ 104,070	\$ -
Contributions		100,000
Conversion of management fees	1,664	-
Net increase in partners' capital from operations	<u>8,237</u>	<u>4,070</u>
Partners' capital, December 31	<u>\$ 113,971</u>	<u>\$ 104,070</u>

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows
For the Years ended December 31, 2018 and 2017
Expressed in U.S. Dollars

	2018	2017
Cash flow from operating activities:		
Net increase in partners' capital from operations	\$ 8,237	\$ 4,070
Adjustments to reconcile net increase in partner's capital from operations		
Net change in unrealized (gains) losses from investments	5,796	2,597
Purchase of investment	(76,021)	(130,626)
Principle payments received from investments	62,691	23,651
Increase (decrease) in operating liabilities		
Management fees payable	1,094	757
Payable to general partner	-	30
Net cash used in operating activities	1,797	(99,521)
Cash flow from financing activities:		
Contributions	-	100,000
Net cash provided by financing activities	-	100,000
Net increase in cash and cash equivalents	1,797	479
Cash and cash equivalents		
Beginning of period	\$ 479	\$ -
End of period	\$ 2,276	\$ 479

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

1. Organization and Business

MarkitLend US Consumer Finance Fund (the “Partnership” or the “Fund”) is a Limited Partnership formed under the laws of the State of Delaware, U.S. The Partnership was formed on December 23, 2016 and commenced operations in April 2017.

The General Partner is MarkitLend P2P Investments LLC (the “General Partner”). The General Partner has appointed MarkitLend Investment Advisors LLC as Investment Advisor (the “Investment Advisor”). The General Partner is a wholly owned subsidiary of MarkitLend Investment Advisors LLC. The Partnership has no employees.

The investment objective of the MarkitLend US Consumer Finance Fund is to seek to high income and return of principal by investing in loans made to U.S. Consumers or assets effectively linked to such loans. The Investment Advisor is tasked with the investment of the Fund’s assets according to the Fund’s stated investment objective. In pursuing the investment objective, the Fund’s Investment Advisor takes into account the overall risks of investing, including the possibility of losses due to defaults and volatility of month-to-month and year-to-year-returns.

The General Partner is responsible for arranging the affairs of the Fund, determining the Fund’s accounting policies, maintaining the books and records of the Fund, establishing accruals for income and expenses and determining the fair value of the Fund’s investments. The General Partner’s policy is to ensure that all assets of the Fund are held in accounts titled in the name of the Fund. Neither the General Partner nor the Investment Advisor holds assets belonging to the Fund in their own accounts. The General Partner establishes for accounting and record keeping purposes a capital account in the Fund’s books for each investor in the Fund as well as for itself. Profits and losses of the Fund are allocated among the capital accounts in proportion to the amount of Fund capital represented by the particular capital account. The General Partner’s account receives the same accounting and allocation treatment as all other investors in the Fund.

All of the Fund’s assets during the years ended December 31, 2018 and 2017 were invested in Notes issued by Lending Club, the cash flows of which are linked to the underlying U.S. consumer loans. Each note represents the Partnership’s interest in a particular U.S. consumer loan. All notes were purchased upon origination from Lending Club.

2. Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Fund is an investment company and follows the accounting and reporting requirements of FASB Accounting Standards Codification (“ASC”) 946.

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires the General Partner to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency

The books and records of the Fund are maintained in U.S. Dollars. The Fund holds no investments in foreign currencies or entered into any foreign currency transactions.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits. Cash equivalents are short term highly liquid investments with original maturities less than 90 days that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Investment Transactions and Related Income and Expense

Realized and unrealized gains and losses from investments owned are reflected in the net realized and change in unrealized gain (loss) from investments on the accompanying statement of operations. Investments are recorded at cost on the trade date. Realized gains and losses on investment transactions are determined using cost calculated on a specific identification basis and occur when an investment is charged-off as being uncollectable and unrecoverable.

Interest income on non-performing loans is generally not recognized until that income is received. A loan in the Fund's investment portfolio is classed as non-performing when it is more than 15 days past due. Loans that reach 150 days past due are charged-off as recovery is no longer considered to probable. The table summarizes the Fund's non-performing loans at December 31 within the investment portfolio (at cost):

	2018	2017
16 - 30 days past due	\$ 474	\$ 878
31- 149 days over due	<u>3,194</u>	<u>1,766</u>
Total notional value of non-performing loans	<u>\$ 3,669</u>	<u>\$ 2,644</u>

Non-interest income, such as late payment fees and recoveries of charged-off loans, is recognized when received. During the year ended 2018 such income amounted to \$292 versus \$3 in 2017.

Net asset value per share

The net asset value per share is calculated in accordance with the Offering Memorandum and the Limited Partnership Agreement by dividing the net assets included in the assets, liabilities and partner's capital by the number of Partnership Units outstanding at the time.

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

Income taxes

The Partnership is a pass-through entity for the purpose of U.S. income taxes. Each partner is responsible for declaring and paying taxes on his/her share of the Partnership Income. Unless the Partnership is required to do so, the Partnership does not withhold tax from distributions to Partners. During the years ended December, 31 2018 and 2017, there were no taxes withheld from the Partnership nor was the Partnership required to withhold taxes.

Organization costs

The Partnership had no organization costs.

3. Fair Value Measurements

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuation based upon unobservable inputs (Level 3 measurements) that are significant to the valuation. The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund is able to access.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly. These inputs may include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the entire fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, determining fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Notes to Financial Statements
December 31, 2018 and 2017
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However, the determination of what constitutes “observable” requires significant judgment by the General Partner. The General Partner considers observable data to be market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner’s perceived risk, or liquidity, of that instrument.

When determining fair value, the General Partner uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the General Partner to determine fair value are consistent with the market or income approaches. Investments classified within Level 3 have unobservable inputs, as they trade infrequently or not at all. When observable prices are not available for these investments, the General Partner uses one or more valuation techniques (e.g., the market approach and the income approach) for which sufficient and reliable data is available.

The market approach includes valuation techniques that use prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The market approach includes valuation techniques that use observable market data. Observable market data include the current rates of interest available at peer to peer platforms where the Fund invests, publicly observable loan loss rates for similar types of loans as reported by the U.S. Federal Reserve Bank and publicly observable data periodically released by the originators of the loans held by the Fund.

The income approach includes valuation techniques that measure the present value of anticipated future economic benefits (i.e. net cash flows). The estimated net cash flows are forecast over the expected remaining economic life and discounted to present value using a discount rate commensurate with the level of risk associated with the expected cash flows. The General Partner uses the income approach to value its investments in loans and peer to peer loan notes.

Inputs used under the income approach include annual projected cash flows for each investment through their expected remaining economic life discounted to present value using appropriate risk-adjusted discount rates. Inputs used under the income approach may include an assessment of the credit profile of the loans as of the measurement date, the Fund’s experienced prepayment and default rates, the General Partner’s experience with similar portfolios and the actual and forecast default rates published by the originators of the loans held by the Fund. There can be no assurance that actual results will not vary significantly from the General Partner’s own estimates.

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

The following table presents the investments owned at fair value on the statement of assets, liabilities and partners' capital by caption and by level within the valuation hierarchy as of December 31, 2018 and 2017:

2018				
	Level 1	Level 2	Level 3	Total
Committed investments	\$ 1,125	-	-	\$ 1,125
U.S. consumer loans	-	-	110,789	110,789
Total investments owned, at fair value	<u>\$ 1,125</u>	<u>-</u>	<u>110,789</u>	<u>\$ 111,914</u>

2017				
	Level 1	Level 2	Level 3	Total
Committed investments	\$ 650	-	-	\$ 650
U.S. consumer loans	-	-	103,728	103,728
Total investments owned, at fair value	<u>\$ 650</u>	<u>-</u>	<u>103,728</u>	<u>\$ 104,378</u>

The following table includes a rollforward of the amounts for the years ended December 31, 2018 and 2017 for investments classified within Level 3. The classification of investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

	2018	2017
January 1	\$ 103,728	\$ -
Loans Purchased	75,550	129,976
Principal repayments	62,692	23,651
Transfers in (out)	-	-
Realized gains / (losses)	(8,058)	-
Unrealized gains / (losses)	2,262	(2,597)
December 31	<u>\$ 110,789</u>	<u>\$ 103,728</u>

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

4. Related Parties

The Fund pays a management fee to the Investment Advisor monthly in an amount equal to 1/12 of 1% of each partners' capital account as of the last business day of each month. The management fees for the years ended December 31, 2018 and 2017 were \$1,095 and \$757, respectively. During 2018, the Investment Advisor elected to convert \$1,664 in management fees earned into 152 units in the Fund based on the net asset value per share on the conversion dates.

The General Partner, at its sole discretion, can elect to reduce, waive or calculate differently the management fee with respect to any partner. The General Partner's policy is that all partners will be treated equally with respect to management fees.

The General Partner reimburses the fund for all Fund Expenses that are not directly related to investment activity, including, but not limited to audit and accounting fees, bank charges, registration fees. For the year ended December 31, 2018, fees charge to the Partnership's bank accounts amounted to \$120 (2017: \$540) and were fully reimbursed by the General Partner. As of December 31, 2018 and December 31, 2017, \$30 in accounts payable to General Partner represents cash deposited in the Fund's account to cover future fees and expenses. During the years ended December 31, 2018 and 2017, audit, registration and filing fees, and other expenses of \$18,000 and \$18,282, respectively, were paid directly by the General Partner.

Neither the General Partner nor the Investment Advisor receives an incentive fee or an incentive allocation of profits.

Michael Sonenshine and Fernando Sanchez are the Directors of the General Partner. The General Partner is a wholly owned subsidiary of the Investment Advisor. Mr. Sonenshine and Mr. Sanchez own and control jointly the Investment Advisor. Neither the General Partner, nor Mr. Sanchez, nor Mr. Sonenshine received any fees or any remuneration for acting as General Partner to the Partnership.

Other than the Investment Advisor, Mr. Sanchez is currently the only other investor in the fund who purchased 10,000 units in the Fund in April 2017. Neither the Investment Advisor's nor Mr. Sanchez's investment carries terms or conditions that are expected to be different to those of any other future investor in the Partnership. The Fund intends to subscribe additional investors or limited partners during 2019.

5. Commitments

In the normal course of its operations, the General Partner, acting for and on behalf of the Fund, enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not occurred.

Notes to Financial Statements
December 31, 2018 and 2017
Expressed in U.S. Dollars

To the date of this report the Fund has not entered into any commitments or contracts that could create any liabilities toward the Fund.

The General Partner bears all liabilities of the Fund per applicable law, but there can be no assurance that a litigant could lodge a successful claim against the Fund. The General Partner expects the risk of loss to be remote in any case.

6. Partnership Terms

The Fund maintains separate capital accounts for the limited partners as well as for the General Partner. The capital accounts represent the amount invested by each of the partners and are increased or decreased as of the end of each fiscal period, generally in proportion to the relative balances in each capital account as of the beginning of the fiscal period. There are currently no limited partners.

Capital contributions may be made as at times as the General Partner shall determine. Withdrawals from the Fund are limited in any period to the principal and interest accruing to the limited partner during that period and notice is required. The General Partner, in its sole and absolute discretion, may restrict withdrawals.

Generally, to the extent permitted by applicable law, the Fund allows investors to receive distributions of Current Proceeds at the end of each calendar quarter or as soon as reasonably practicable thereafter; provided, however, that the General Partner or its delegate may determine to make distributions at such other times as it may determine in its sole discretion may allow partners to withdraw amounts greater than the accruing principal and interest in each period, up to the entire capital of the investor. The General Partner may also limit or otherwise bar investors from making withdrawals.

The General Partner, in its sole and absolute discretion, may suspend the calculation of the Fund's partners' capital and/or the withdrawal of capital during the existence of any state of affairs as a result of which the Fund, in the opinion of the General Partner, is unable to value and/or dispose of its assets (or it is not reasonably practicable or would be prejudicial to limited partners to do so). The General Partner may temporarily suspend withdrawals if necessary to liquidate positions in an orderly manner.

7. Risk Associated with Investments

The Partnership invests all its assets in in credit instruments and therefore is primarily exposed to credit risk, liquidity and liquidity risk.

Credit Risk

Credit risk is the risk that that the loans Fund invests in will not be repaid in full or on time. Generally, the terms of the notes the Fund purchases indicate that loans past due by more than 150 days will be charged off as being uncollectible and no recovery for the Fund as a noteholder is possible. Loans can also be charged off due to bankruptcy of the debtor.

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Cash and cash equivalent balances held at peer to peer lending platforms are generally not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund holds substantially all of its cash and cash equivalents at a peer to peer platform(s) where the fund invests. If a peer to peer platform fails to perform pursuant to its obligations, the Fund may experience delays in gaining access to its cash or suffer losses up to the full amount of cash that is held at the relevant platform.

Peer to peer loan notes have exposure to certain degrees of risk, including interest rate risk, market risk, and the potential non-payment of principal and interest; including default or bankruptcy of the issuer or intermediary in the case of participations.

Interest Rate Risk

The General Partner may re-value or de-value of the Fund's investments in response to changes in market interest rates, which is a primary input for determining fair value. The procedure for valuing the Fund's investments generally calls for setting a discount rate at which the cash flows of the Fund's investments are to be discounted. A lower rate will cause the stated fair value to rise while a higher rate will cause the stated fair value to fall.

Prepayment risk exists to the extent the Fund invests in notes without call protection terms. Because prepayments generally increase when interest rates fall, the Fund is subject to the risk that proceeds from repayments will have to be reinvested in securities with lower rates. Likewise, since prepayments typically decrease when interest rates rise, the Fund may hold lower yielding securities with longer maturities.

Illiquid Securities

The Fund may hold substantially all its investments in securities that are not readily marketable or that are thinly traded. Although the Fund bases its valuation on market inputs the Fund may not be able to readily sell these investments, and, in some cases, may be legally or contractually prohibited from disposing of such securities for a specified period of time due to a lockup, or other provision. These limitations on the liquidity of the Fund's investments may prevent, or delay, a sale, and may reduce the amount of proceeds that might otherwise be realized. In addition, when there is changing market conditions, investments that were historically liquid may become illiquid.

Legal, Tax and Regulatory Risk

Legal, tax and regulatory developments may adversely affect the Fund or the markets in which the Fund conducts its trading activities. Such changes may impose additional legal and compliance burdens on the Fund and/or the General Partner or the Investment Advisor. Any regulations which restrict the ability of the Fund to trade and operate may have a material adverse impact on the consolidated financial statements.

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Documentation Risk

Transactions relating to many types of financial instruments, including but not limited to over the counter (“OTC”) derivatives instruments, bank loans, and other structured notes are subject to documentation risk. This includes the risk that the parties may interpret contractual terms differently when the Fund, or counterparty, seeks to enforce its contractual rights. If that occurs, the outcome may be different than the Fund’s interpretation and the impact to the Fund may be material.

Market Risk

Market risk is the risk that the value of investments held by the Fund will decrease due to movements in market factors including interest rate risk, foreign currency exchange risk and default risk.

Geographic Risk

If several investments are connected in one geographic area, the Fund could be severely impacted by adverse developments affecting that geographic area. All of the Fund’s notes are held by consumers in the United States.

Leverage Risk

The Fund does not use leverage and does not intend to use leverage in the future.

Structured Products Risks

The Fund is subject to risks associated with investments with contractual cash flows linked to the performance of underlying loans. The value, liquidity and related income of the loans themselves are sensitive to changes in economic conditions, including real estate value, prepayments, delinquencies and/or defaults, and may be adversely affected by shifts in the market’s perception of the issuers and changes in interest rates. Furthermore the Fund is exposed to the risk that the issuer originating the loans and issuing the notes may not honor the terms of its commitment to pass through the underlying cash flows.

8. Financial Highlights

The Fund’s financial highlights shown below consists of the total return, the expense ratios and the net investment income (loss) ratio. These financial highlights are for all partners based on the timing of contributions and other factors. An individual’s partnership performance may vary. The following table summarizes the Fund’s financial highlights during the year:

Year Ending	2018	2017
Gross investment return ratio	14.86%	7.52%
Net investment income ratio	8.70%	4.74%
Expense ratio	1.00%	0.74%
Total return ratio	7.78%	4.10%

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The gross investment return ratio is calculated by dividing the Investment Income for the year by the average of the starting and ending principal balance of loans outstanding for each period.

The net investment return ratio is calculated in the same way as the gross investment return ratio except that the basis is net investment income, that being the investment income less direct investment expenses, charge-offs and changes in market value.

The expense ratio is determined by dividing the total operating expenses, which in the case of the Fund is simply the management fees by the average of the beginning and ending partners' capital.

The total return ratio is calculated by taking change in Net Asset Value per share from the end of 2017 to the end of 2018. Total return is calculated net of all investment related and operating expenses.

9. Subsequent Events

Events subsequent to year end have been evaluated through July 12, 2019, the date as of which the financial statements were available to be issued.

There have been no additional subsequent events that occurred during this period that would require recognition or disclosure in the financial statements as of December 31, 2018 or for the year then ended, other than those events described below.

Subsequent to December 31, 2018, there were no significant changes to the Partnership's financial affairs. As of June 30, 2019 realized losses due to charge-off events totaled \$3,911. By comparison during the same period in 2018 actual losses totaled \$3,760. For the period from January 1, 2019 and through June 30, 2019, the Fund had no additional capital contributions or withdrawals.