ORCHARDWAY P2P CREDIT FUND LIMITED
(A CAYMAN ISLANDS EXEMPTED COMPANY)
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Contents

General Information

Master Fund
HCG Digital Finance LP
133 Fayetteville Street, Suite 300
Raleigh, North Carolina 27601

Administrator
SS&C Technologies, Inc.
80 Lamberton Road
Windsor, Connecticut 06095

AIFM
Duff & Phelps (Luxembourg) Management
Company S.à.r.l.
1, rue Jean Piret, L-2350 Luxembourg

Portfolio Manager
Bedrock Asset Management (UK) Ltd
20 Upper Grosvenor Street
London W1K 7PB

Bank
RBS International
Howard Pearson House
Summer Hill Office Park
Victoria Road, Douglas
Isle of Man, IM2 4RP

Depository
GlobeOp Markets Limited
1 St. Martin's Le Grand
London, EC1A 4AS
United Kingdom

Registered Office
DMS Corporate Services Ltd
DMS House, 20 Genesis Close
P.O. Box 1344
Grand Cayman KY1-1108
Cayman Islands

Cayman Counsel to the Fund
Conyers Dill and Pearman (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

US Counsel to the Fund
Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004

Auditor to the Fund
Deloitte & Touche
One Capital Place
PO Box 1787
Grand Cayman, KY1-1109
Cayman Islands

Directors
Nicole Ramroop
(Independent)
August 27, 2018 – Current

Riyaz Nooruddin
(Independent)
August 27, 2018 - Current

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INDEPENDENT AUDITORS' REPORT

The Directors
OrchardWay P2P Credit Fund Limited

We have audited the accompanying financial statements of OrchardWay P2P Credit Fund Limited (the "Fund"), which comprise the statement of assets and liabilities, as of December 31, 2019, and the related statements of operations, changes in net assets and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements based on our audit. We conducted our audit 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 the auditor's 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, the auditor considers internal control relevant to the Fund'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 Fund'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OrchardWay P2P Credit Fund Limited as of December 31, 2019, and the results of its operations, changes in its net assets, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche

June 18, 2020

OrchardWay P2P Credit Fund Limited
Statement of Assets and Liabilities
December 31, 2019

		US$
Assets		
Investment in HCG Digital Finance LP at fair value	$	168,251,206
Unrealized appreciation on forward currency contracts		331,463
Cash denominated in foreign currency (cost: $32,528,817)		32,775,985
Redemptions receivable from HCG Digital Finance LP		26,347,685
Other assets		36,461
Total Assets		227,742,800
Liabilities		
Cash overdraft		28,147,877
Subscriptions received in advance		7,647,399
Redemptions payable		36,666,579
Management fees payable		219,558
Performance fee payable		141,376
Accrued expenses		79,984
Total Liabilities		72,902,773
Net Assets	$	154,840,027
Net assets are comprised of:		
Investor Capital / Share Capital	$	124,481,234
Retained Earnings		30,358,793
Total Equity	$	154,840,027

Share Class	*Shares outstanding*		*Net asset value per share*
CHF 2015 03	9,220.12	CHF	1,187.70
CHF 2019 02	1,030.00	CHF	1,011.97
CHF 2019 03	100.00	CHF	1,009.98
CHF 2019 06	160.00	CHF	1,006.48
CHF 2019 10	220.00	CHF	999.83

The accompanying notes are an integral part of the financial statements.
The consolidated financial statements of the Master Fund should be read in conjunction with these financial statements.

OrchardWay P2P Credit Fund Limited
Statement of Assets and Liabilities (continued)
December 31, 2019

Share Class	*Shares outstanding*		*Net asset value per share*
EUR 2015 03	16,437.85	€	1,224.47
EUR 2019 01	60.00	€	1,017.47
EUR 2019 02	1,004.99	€	1,014.43
EUR 2019 04	785.00	€	1,009.80
EUR 2019 05	230.00	€	1,008.19
EUR 2019 06	1,102.00	€	1,006.85
EUR 2019 07	279.99	€	1,005.01
EUR 2019 08	530.00	€	1,003.09
EUR 2019 09	75.00	€	1,001.31
EUR 2019 11	151.00	€	998.66
EUR 2019 12	310.00	€	996.77
GBP 2015 04	3,221.88	£	1,269.39
GBP 2019 06	200.00	£	1,013.70
GBP 2019 11	250.00	£	1,001.71
USD 2015 03	68,383.60	$	1,393.13
USD 2019 01	1,250.00	$	1,059.66
USD 2019 02	900.00	$	1,052.96
USD 2019 03	1,060.00	$	1,046.94
USD 2019 04	480.00	$	1,041.30
USD 2019 05	1,305.00	$	1,036.08
USD 2019 06	1,065.00	$	1,030.98
USD 2019 07	1,000.00	$	1,025.60
USD 2019 08	1,436.00	$	1,020.09
USD 2019 09	255.00	$	1,014.69
USD 2019 10	50.00	$	1,010.16
USD 2019 11	2,535.00	$	1,005.11
USD 2019 12	1,236.00	$	1,000.00

OrchardWay P2P Credit Fund Limited
Statement of Operations
For the year ended December 31, 2019

		US$
Investment income allocated from HCG Digital Finance LP		
Interest income	$	64,750,060
Total investment income		64,750,060
Expenses allocated from HCG Digital Finance LP		
Management fees		2,687,157
Performance fees		427,205
Interest expense		9,614,436
Professional and other expenses		5,534,722
Total expenses		18,263,520
Net investment income allocated from HCG Digital Finance LP		46,486,540
Interest income		927
Management fees		(890,535)
Performance fees		(141,376)
Professional fees and other expenses		(361,861)
Administration fees		(45,640)
Director fees		(23,234)
Bank fees		(15,234)
Interest expense		(713)
Net Fund income (expenses)		(1,477,666)
Net investment income		45,008,874
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on investments allocated from HCG Digital Finance LP		
Net realized loss on investments		(36,241,181)
Net change in unrealized appreciation on investments		2,661,748
Net realized loss and net change in unrealized appreciation / (depreciation) on investments allocated from HCG Digital Finance LP		(33,579,433)
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on foreign currency transactions/translations and forward currency contracts		
Net realized loss on foreign currency transactions		(2,223,172)
Net realized loss on forward currency contracts		(46,758)
Net change in unrealized depreciation on foreign currency translation		(164,899)
Net change in unrealized appreciation on forward currency contracts		331,463
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on foreign currency transactions/translations and forward currency contracts		(2,103,366)
Provision for income taxes allocated from HCG Digital Finance LP		112,343
Net increase in net assets resulting from operations	$	9,213,732

The accompanying notes are an integral part of the financial statements.
The consolidated financial statements of the Master Fund should be read in conjunction with these financial statements.

OrchardWay P2P Credit Fund Limited
Statement of Changes in Net Assets
For the year ended December 31, 2019

		US$
Net increase in net assets resulting from operations		
Net investment income	$	45,008,874
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on investments allocated from HCG Digital Finance LP		
Net realized loss on investments		(36,241,181)
Net change in unrealized appreciation on investments		2,661,748
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on foreign currency transactions/translations and forward currency contracts		
Net realized loss on foreign currency transactions		(2,223,172)
Net realized loss on forward currency contracts		(46,758)
Net change in unrealized depreciation on foreign currency translation		(164,899)
Net change in unrealized appreciation on forward currency contracts		331,463
Provision for income taxes allocated from HCG Digital Finance LP		(112,343)
Net increase in net assets resulting from operations		9,213,732
Decrease in net assets resulting from capital transactions		
Issue of shares		27,155,425
Redemption of shares		(50,721,192)
Net decrease in net assets resulting from capital transactions		(23,565,767)
Total decrease in net assets		(14,352,035)
Net assets at beginning of the year		169,192,062
Net assets at the end of the year	$	154,840,027

The accompanying notes are an integral part of the financial statements.
The consolidated financial statements of the Master Fund should be read in conjunction with these financial statements.

OrchardWay P2P Credit Fund Limited
Statement of Cash Flows
For the year ended December 31, 2019

	US$
Cash flows from operating activites	
Net increase in net assets resulting from operations	$ 9,213,732
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net income allocated from HCG Digital Finance, L.P.	(12,794,764)
Contributions to HCG Digital Finance, L.P.	(21,673,122)
Withdrawals from HCG Digital Finance, L.P.	33,080,000
Purchases of forward currency contracts	(331,463)
Increase in redemptions receivable from HCG Digital Finance LP	(21,470,000)
Decrease in other assets	18,107
Increase in management fees payable	11,800
Decrease in performance fees payable	(28)
Increase in accrued expenses	43,872
Net cash flows used in operating activities	(23,115,598)
Cash flows from financing activities	
Proceeds from issue of shares, net of change in subscriptions received in advance	32,620,918
Payments on redemptions of shares, net of change in redemptions payable	(18,925,756)
Net cash provided by financing activities	13,695,162
Net decrease in cash	(206,704)
Cash and cash equivalents, beginning of year	4,834,812
Cash and cash equivalents, end of year	$ 4,628,108

OrchardWay P2P Credit Fund Limited
Notes to Financial Statements
For the year ended December 31, 2019

1. Organization

OrchardWay P2P Lending Fund Limited was formed on February 19, 2015. By special resolution dated July 10, 2015 it changed its name to OrchardWay P2P Credit Fund Limited (the "Fund"). The Fund is incorporated as an exempt company, with limited liability for all shareholders in accordance with the Cayman Islands' Companies Law (Revised), formed on November 6, 2015 and registered with the Cayman Islands Monetary Authority under the Mutual Funds Law on November 6, 2015. The Fund commenced operations on March 1, 2015 and invests substantially all of its assets in HCG Digital Finance LP a Delaware limited partnership (the "Master Fund") through a "master-feeder" fund structure. The Fund and the Master Fund have the same investment objective, policies and strategies. As of December 31, 2019, the Fund had a 61.9% ownership of the Master Fund.

The Master Fund was formed to generate stable, long term capital growth by investing substantially all of its assets in private investment funds organized by the General Partner, or one of its affiliates and managed by the Investment Adviser or one of its affiliates ("Portfolio Funds"). Each of the Portfolio Funds will be organized as onshore or offshore limited liability companies, limited partnerships or other entities formed by HCG Partners or its affiliates. Each Portfolio Fund will invest primarily in securities or other financial assets ("*Peer-to-Peer Securities*") that are issued by trusts or similar special purpose vehicles ("*Peer-to- Peer Security Issuers*") and are collateralized by, or reference or otherwise track the performance of, one or more portfolios of loans ("*Peer-to-Peer Loans*") originated through peer-to-peer lending platforms sponsored by and serviced by third party companies ("*Peer-to-Peer Platform Sponsors*").

The Fund is a collective investment vehicle formed to allow investors to gain indirect exposure to an investment in the Master Fund. In pursuit of its investment objective, upon notice to the shareholders, the Fund may in the future expand its investment focus; including investing in investment funds other than the Master Fund or making direct investments.

HCG Partners LLC, a Delaware limited liability company, serves as the general partner of the Master Fund (the "General Partner"). HCG Fund Management LP, a Delaware limited Partnership, serves as the investment adviser for the Master Fund (the "Investment Adviser"). Jointly, the General Partner and the Investment Adviser control all of the Master Fund's operations and activities.

Neither the Fund nor the Master Fund is or will be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The Fund is an Alternative Investment Fund ("AIF") as defined in the Alternative Investment Fund Management Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

1. Organization (continued)

The Fund is managed by its board of directors (the "Board of Directors"). The Board of Directors has ultimate authority over the management and administration of the Fund, but has delegated the day-to-day investment management of the Fund's assets to Duff & Phelps (Luxembourg) Management Company S.à.r.l. (the "AIFM") or the portfolio manager, Bedrock Asset Management (UK) Ltd. (the "Portfolio Manager").

The Board of Directors, which is responsible for overseeing the business and affairs of the Fund, is elected by the holders of the voting shares. The Board of Directors serves in a non-executive capacity, and has delegated the day-to-day operation of the Fund to service providers including the AIFM, the Portfolio Manager and the administrator to the Fund, SS&C Technologies, Inc. (the "Administrator").

2. Significant Accounting Policies

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements are expressed in United States dollars. The Fund is an investment company in accordance with Accounting Standards Codification 946, Financial Services-Investment Companies ("ASC 946"), which defines investment companies and prescribes specialized accounting and reporting requirements for investment companies.

Use of accounting estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, including certain valuation assumptions. Actual results could differ from such estimates.

Investment transactions and valuation

The fair value of the Fund's assets and liabilities which qualify as financial instruments under Statement of Financial Accounting Standards ASC 825, "Financial Instruments", approximates the carrying amounts presented in the Statement of Assets and Liabilities.

Investment in Master Fund

The Fund's investment in the Master Fund is valued at fair value, which is the Fund's proportionate interest in the net assets of the Master Fund. The Fund records its proportionate share of the Master Fund income, expenses, and realized and unrealized gains and losses. Fair value is determined as the Fund's proportionate share of the Master Fund's capital (61.9% as of December 31, 2019).

Valuation of the investments held by the Master Fund including, but not limited to the valuation techniques used and classification within the fair value hierarchy of instruments held by the Master Fund are discussed in the notes to the Master Fund consolidated financial statements which are attached to these financial statements.

2. Significant Accounting Policies (continued)

Recognition and allocation of income or loss

The Fund records subscriptions and redemptions in the Master Fund on the transaction date. The Fund records its monthly proportionate share of the Master Fund's income, expenses and change in realized and unrealized gains and losses. In addition, the Fund accrues its own income and expenses. The Master Fund income and expense recognition and net gain/(loss) allocation policies are disclosed in the notes to the Master Fund consolidated financial statements which are attached to these financial statements.

Foreign currency

Items included in the Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (the “Functional Currency”). The financial statements are presented in the Functional Currency, United States Dollars.

Transactions during the period denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. For foreign currency transactions and foreign currency investments held at the period end, the resulting gains or losses are included in the net realized gain/(loss) from investments, derivatives and foreign currency in the Statement of Operations. Foreign currency assets and liabilities held at the period-end were translated at period-end exchange rates.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities. Such fluctuations are included in the net realized and unrealized gain/loss from investments, derivatives and foreign currency.

Derivative contracts

The Fund records derivative contracts at fair value. Changes in the fair value of derivative contracts are recorded as unrealized gains and losses. The Fund generally records a realized gain or loss on the expiration, termination, or settlement of a derivative contract.

Fair value – Hierarchy of fair value

The Fund determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

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

2. Significant Accounting Policies (continued)

Fair value – Hierarchy of fair value (continued)

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 unobservable 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. Therefore, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3.

Fair value – Valuation techniques and inputs

When determining the fair value, the Fund uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Fund to determine fair value are considered to be market approaches.

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 Fund generally uses the market approach to value exchange-traded derivatives.

Forward contracts

The Fund values forward contracts based on the terms of the contract (including the notional amount and contract duration) and using observable inputs, such as currency exchange rates or commodity prices. Forward contracts are generally categorized in Level 2 of the fair value hierarchy.

Cash and cash equivalents

Cash and cash equivalents include amounts due from banks on demand, interest bearing deposits with original maturities of three months or less and non-interest bearing accounts. At December 31, 2019, cash and cash equivalents are held with Squared Financial Services and the Royal Bank of Scotland International. The Fund has concentration of credit risk with these institutions.

2. Significant Accounting Policies (continued)

Income Taxes

The Fund is a Cayman Islands exempted company. Under current laws of the Cayman Islands, there are no income, estate, transfer, sales, or other Cayman Islands taxes payable by the Fund. The Fund seeks to conduct its affairs so that it will not be subject to tax in any jurisdiction. Accordingly, the only taxes paid by the Fund are withholding taxes applicable to certain investment income, if any, allocated specifically. As a result, no tax liability or expense has been recorded in the accompanying financial statements.

ASC 740, Income Taxes ("ASC 740"), defines how uncertain tax positions should be recognized, measured, presented, and disclosed for financial statement purposes as applied to all open tax years and requires a determination whether such tax positions are more likely than not to be sustained by the applicable tax authority. Open tax years are those that are open for examination by relevant tax authorities.

In accordance with ASC 740, management has reviewed the tax positions taken or expected to be taken in the course of preparing the Fund's tax returns and for all open tax years. Based on this analysis, management has concluded that there are no material tax positions for any open tax year which would not meet the more likely than not threshold. Therefore, no provision for income taxes, including any interest or penalties, is recorded in the Fund's financial statements as of December 31, 2019, and no adjustments were made to any prior period.

To the extent the Fund records interest and penalties, such amounts would be included in other expense on the Statement of Operations. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Since the Fund commenced operations in 2015, all tax years since inception of the Fund are open to inspection by the tax authorities.

Subscriptions received in advance

Subscriptions received in advance represents amount received from shareholders with an effective date after December 31, 2019. As of December 31, 2019, the Fund had subscriptions received in advance of $7,647,399.

2. Significant Accounting Policies (continued)

Redemptions payable

In accordance with the authoritative guidance on ASC 480 “Liabilities from Equity”, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity under US GAAP, financial instruments mandatorily redeemable at the option of the holder are classified as liabilities when a redemption request has been received and the redemption amount has been determined.

Redemption notices must be delivered to the General Partner and the Administrator within at least five business days prior to the last day of any month. The Fund records a redemption payable at the end of the respective month. The redemption is processed based on the net asset value determined as of the redemption date. As of December 31, 2019, the Fund had redemptions payable of $36,666,579.

3. Fair Value Measurements

The Fund’s assets and liabilities recorded at fair value have been categorized based on a fair value hierarchy as described in the Fund’s significant accounting policies in Note 2.

The following table presents information about the Fund’s assets measured at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,628,108	$ -	$ -	$ 4,628,108
Unrealized appreciation on forward currency contracts				
Forward currency contracts	-	331,463	-	331,463

Investment in the Master Fund is recorded based on the Fund’s ownership percentage of the Master Fund’s net asset value and therefore not included in the above table under ASC 820.

4. Derivative Contracts

In the normal course of business, the Fund uses derivative contracts in connection with its proprietary trading activities. Derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Fund’s derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: commodity, non-commodity and currency risks.

4. Derivative Contracts (continued)

Forward contracts

Forward contracts are agreements for delayed delivery of specific currencies and commodities in which the seller agrees to make delivery at a specified future date of specified currencies and commodities. Risks associated with forward contracts are the inability of counterparties to meet the terms of their respective contracts and movements in fair value and exchange rates.

Volume of derivative activities

The Fund considers the notional amounts at December 31, 2019, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the year ended December 31, 2019.

	Notional Amounts	
Primary underlying risk	**Long exposure**	**Short exposure**
Currency risk		
Forward currency contracts	$ 21,806,937	$ -

Effect of derivatives on the Statement of Assets and Liabilities and Statements of Operations

The following table identifies the fair value amounts of derivative contracts included in the Statement of Assets and Liabilities, categorized by type of contract, at December 31, 2019. Balances are presented on a gross basis, before application of the effect of counterparty and collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to consider the effects of master netting arrangements and the offsetting of cash collateral receivables and payables with the Fund’s counterparties. See Note 5 for additional information on the effects of master netting arrangements and the offsetting of cash collateral receivables and payables with the Fund’s counterparties. The following table also identifies the realized and unrealized gain and loss amounts included in the Statement of Operations, categorized by type of contract, for the year ended December 31, 2019.

	Derivative assets	Derivative liabilities	Change in unrealized appreciation/ (depreciation)	Realized gain/(loss)
Primary underlying risk				
Currency risk				
Forward currency contracts [1]	$ 331,463	$ -	$ 331,463	$ (46,758)

[1] Location in the Statement of Assets and Liabilities and in the Statement of Operations are, respectively, unrealized appreciation on forward currency contracts, net change in unrealized appreciation on forward currency contracts and net realized loss on forward currency contracts.

5. Offsetting assets and liabilities

The Fund is required to disclose the effect of offsetting assets and liabilities presented in the Statement of Assets and Liabilities to enable financial statement users to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities include financial instruments and derivative contracts that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: Each of the two parties owes the other determinable amounts, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund's right to setoff is enforceable at law.

The Fund is subject to enforceable master netting agreements with certain counterparties. These agreements govern the terms of certain transactions and reduce the counterparty risk associated with relevant transactions by specifying offsetting mechanisms and collateral posting arrangements at prearranged exposure levels. Because different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each transaction type may be covered by a different master netting arrangement, possibly resulting in the need for multiple agreements with a single counterparty. Master netting agreements may not be specific to each different asset type; in those instances, they would allow the Fund to close out and net its total exposure to a specified counterparty in the event of default or early termination with respect to any and all of the transactions governed under a single agreement with the counterparty.

As of December 31, 2019 the Fund only held assets and had no offsetting liabilities.

6. Share Capital

The Fund's authorized share capital is $50,000 divided into 100 Management Shares of a nominal or par value of $0.01 each, and 4,999,900 Participating Non-Voting Redeemable Shares (the "Shares") of a nominal or par value of $0.01 each. The holders of Management Shares are entitled to one vote for each share held; are not entitled to any dividends in respect of such shares; in the event of a winding - up or dissolution of the Fund, be entitled, pari passu with the holders of Shares, to an amount equal to the par value of such Management Shares but to no other or further amount; and not be subject to redemption or purchase of such Management Shares.

The 4,999,900 Shares may be subdivided into multiple classes of shares. Each class of Shares may be issued in series. The Fund may from time to time offer and issue additional share classes or subclasses with different rights and privileges, which may include, without limitation, economic terms, fee terms, informational rights and/or redemption rights that are more favorable than those of the existing Shares.

6. Share Capital (continued)

Additional classes of Shares and series within a class may be created in the future by the Board of Directors without Shareholder notice or approval, and authorized Shares not in issuance may be designated or re-designated for this purpose.

The Fund currently is offering USD Class Shares ("USD Class Shares"), Euro Class Shares ("Euro Class Shares), GBP Class Shares ("GBP Class Shares") and CHF Class Shares ("CHF Class Shares"). The Euro Class Shares, the GBP Class Shares and the CHF Class Shares together (the "Foreign Currency Shares"). USD Class Shares are sold in United States dollars, Euro Class Shares are sold in Euros, GBP Class Shares are sold in British pounds sterling and CHF Class Shares are sold in Swiss francs. Except with respect to the currency of offering, the Shares generally have the same rights.

Substantially all of the subscription amounts received by the Fund in Euros, pounds sterling and Swiss francs are converted into United States dollars at the relevant exchange rate obtained by the Fund on the relevant date, prior to investment by the Fund. Redemptions of Shares in the Fund will be at the same intervals and subject to the same terms and conditions as withdrawals of capital from the Master Fund. Shareholders may redeem by providing to the General Partner a written redemption request notice at least five business days prior to the last day of any month. Redemption amounts are converted from United States dollars at the relevant exchange rate obtained by the Fund on the relevant date.

The Fund may, in the discretion of the AIFM or the Portfolio Manager, seek to hedge the foreign exchange exposure against the United States dollar of the Foreign Currency Shares to attempt to reduce or minimize the potential impact of significant currency fluctuations on the net asset value of the Foreign Currency Shares. There is no guarantee that any such currency hedging will be successful, and classes of shares issued in currencies other than the United States dollar may be adversely affected by currency fluctuations between the United States dollar and the currency in which they are issued. The costs and financial results of any such currency hedging will be solely for the account of the relevant class of shares.

The Management Shares do not participate in the profits or losses of the Fund and are not redeemable. All of the Management Shares have been issued to, and will be held on an ongoing basis by Bedrock (GCI) Ltd., a Cayman Islands exempted company affiliated with the Portfolio Manager.

Any issued and outstanding series of a class of Shares may be re-designated and converted into the initial issue of that class of Shares (the "Initial Series") by way of compulsory redemption and issue of the relevant Shares at the end of each fiscal year at the prevailing Net Asset Value per Share of the Initial Series.

OrchardWay P2P Credit Fund Limited
Notes to Financial Statements
For the year ended December 31, 2019

6. Share Capital (continued)

Share capital transactions for the year ended December 31, 2019 were as follows:

Share Class/Series	Beginning shares	Shares transfers/ conversions	Shares issued during the year	Shares redeemed during the year	Shares outstanding at end of year
CHF 2015 03	7,345.14	3,144.67	-	(1,269.69)	9,220.12
CHF 2018 01	280.00	(280.00)	-	-	-
CHF 2018 02	265.00	(265.00)	-	-	-
CHF 2018 03	225.00	(225.00)	-	-	-
CHF 2018 04	840.00	(840.00)	-	-	-
CHF 2018 05	307.00	(307.00)	-	-	-
CHF 2018 06	250.00	(250.00)	-	-	-
CHF 2018 07	345.00	(345.00)	-	-	-
CHF 2018 08	85.00	(85.00)	-	-	-
CHF 2018 11	115.00	(115.00)	-	-	-
CHF 2018 12	920.00	(920.00)	-	-	-
CHF 2019 02	-	-	1,270.00	(240.00)	1,030.00
CHF 2019 03	-	-	100.00	-	100.00
CHF 2019 04	-	-	200.00	(200.00)	-
CHF 2019 06	-	-	160.00	-	160.00
CHF 2019 10	-	-	220.00	-	220.00
	10,977.14	(487.33)	1,950.00	(1,709.69)	10,730.12
EUR 2015 03	14,966.66	6,175.02	2.66	(4,706.49)	16,437.85
EUR 2018 01	225.00	(225.00)	-	-	-
EUR 2018 02	720.00	(720.00)	-	-	-
EUR 2018 03	1,641.00	(1,641.00)	-	-	-
EUR 2018 04	1,890.01	(1,890.01)	-	-	-
EUR 2018 05	249.99	(249.99)	-	-	-
EUR 2018 06	375.00	(375.00)	-	-	-
EUR 2018 07	374.99	(374.99)	-	-	-
EUR 2018 08	150.00	(150.00)	-	-	-
EUR 2018 09	75.00	(75.00)	-	-	-
EUR 2018 10	265.00	(265.00)	-	-	-
EUR 2018 11	750.00	(750.00)	-	-	-
EUR 2018 12	545.00	(545.00)	-	-	-
EUR 2019 01	-	-	110.00	(50.00)	60.00
EUR 2019 02	-	-	1,004.99	-	1,004.99
EUR 2019 04	-	-	1,255.00	(470.00)	785.00
EUR 2019 05	-	-	280.00	(50.00)	230.00
EUR 2019 06	-	-	1,357.00	(255.00)	1,102.00
EUR 2019 07	-	-	279.99	-	279.99
EUR 2019 08	-	-	530.00	-	530.00
EUR 2019 09	-	-	75.00	-	75.00
EUR 2019 11	-	-	151.00	-	151.00
EUR 2019 12	-	-	310.00	-	310.00
	22,227.65	(1,085.97)	5,355.64	(5,531.49)	20,965.83

6. Share Capital (continued)

Share Class/Series	Beginning shares	Shares transfers/ conversions	Shares issued during the year	Shares redeemed during the year	Shares outstanding at end of year
GBP 2015 04	3,968.17	1,219.62	-	(1,965.91)	3,221.88
GBP 2018 02	430.00	(430.00)	-	-	-
GBP 2018 04	160.00	(160.00)	-	-	-
GBP 2018 05	280.00	(280.00)	-	-	-
GBP 2018 12	600.00	(600.00)	-	-	-
GBP 2019 06	-	-	200.00	-	200.00
GBP 2019 11	-	-	250.00	-	250.00
	5,438.17	(250.38)	450.00	(1,965.91)	3,671.88
USD 2015 03	72,948.34	19,000.02	330.17	(23,894.93)	68,383.60
USD 2018 01	945.00	(945.00)	-	-	-
USD 2018 02	2,700.00	(2,700.00)	-	-	-
USD 2018 03	1,182.00	(1,182.00)	-	-	-
USD 2018 04	1,555.00	(1,555.00)	-	-	-
USD 2018 05	1,656.57	(1,656.57)	-	-	-
USD 2018 06	4,405.60	(4,405.60)	-	-	-
USD 2018 07	805.00	(805.00)	-	-	-
USD 2018 08	1,885.00	(1,885.00)	-	-	-
USD 2018 09	4,491.00	(4,491.00)	-	-	-
USD 2018 10	1,408.00	(1,408.00)	-	-	-
USD 2018 11	1,490.00	(1,490.00)	-	-	-
USD 2018 12	1,555.00	(1,555.00)	-	-	-
USD 2019 01	-	-	1,650.00	(400.00)	1,250.00
USD 2019 02	-	-	3,290.00	(2,390.00)	900.00
USD 2019 03	-	-	1,380.00	(320.00)	1,060.00
USD 2019 04	-	-	2,980.00	(2,500.00)	480.00
USD 2019 05	-	-	1,405.00	(100.00)	1,305.00
USD 2019 06	-	-	1,065.00	-	1,065.00
USD 2019 07	-	-	1,100.00	(100.00)	1,000.00
USD 2019 08	-	-	1,436.00	-	1,436.00
USD 2019 09	-	-	255.00	-	255.00
USD 2019 10	-	-	50.00	-	50.00
USD 2019 11	-	-	2,535.00	-	2,535.00
USD 2019 12	-	-	1,236.00	-	1,236.00
	97,026.51	(5,078.15)	18,712.17	(29,704.93)	80,955.60

6. Share Capital (continued)

Through exposure to the Master Fund, the Fund attempts to invest Shareholder capital contributions in consumer, real estate, and small business loans ("P2P loans") during the month in which the capital contribution is received by the Fund. As there is a general four to five week time delay between when a P2P loan is purchased and when a loan is issued and begins accruing interest, no profit and loss is allocated to a Shareholder with respect to the new capital contribution until the first business day of the month following the month in which the new capital contribution is invested in the P2P loans. Subscriptions for Shares in the Fund will be on the same terms and conditions as subscriptions and contributions of capital to the Master Fund except that the minimum initial investment in the Fund is U.S. $100,000 (or the applicable foreign currency equivalent for the Foreign Currency Shares) and subject to waiver at the discretion of the Directors.

7. Investment Management and Performance Fees

As an investor in the Master Fund, the Fund will be subject to a management fee at an annual rate of 2%. The management fee is calculated at the level of the Master Fund and generally paid at that level. For the year ended December 31, 2019, the Master Fund allocated $2,687,157 in management fees to the Fund.

As an investor in the Master Fund, the Fund will also be subject to a performance fee equal to 20% per annum. The performance fee is calculated at the level of the Master Fund and generally paid at that level. For the year ended December 31, 2019, the Master Fund allocated $427,205 in performance fees to the Fund.

Under certain circumstances, the Portfolio Manager and the Investment Adviser may enter into fee sharing arrangements, as a result of which the Investment Adviser may waive a portion of the management and/or the performance fee payable by the Fund to the Master Fund and instead agree that the Fund pay the equivalent of the waived portion to the Portfolio Manager. Any such fee sharing arrangement will not result in any change to the overall amount of fees being paid by each Shareholder.

Pursuant to a letter agreement dated December 12, 2014 between the Portfolio Manager, for itself and on behalf of certain affiliated funds and/or accounts to be designated by the Portfolio Manager and the General Partner, they have agreed on certain terms related to the potential investments to be sourced by the Portfolio Manager in certain private investment funds managed by the General Partner and certain affiliates of the General Partner.

Each investment made by an investor in the feeder (other than the initial investment) will receive a 25% reduction in the base and incentive management fees normally charged to investors in the Master Fund. Under this agreement, for the year ended December 31, 2019, the Fund incurred management fees of $890,535 and performance fees of $141,376, of which $219,558 and $141,376, respectively, remained payable at December 31, 2019.

8. Service Provider Agreement

The Directors have appointed SS&C Technologies, Inc. (the "Administrator") as the administrator of the Fund and of the Master Fund. The Administrator provides accounting, clerical and administrative services to the Fund and to the Master Fund.

For the year ended December 31, 2019 the Master Fund allocated $208,709 in administration fees to the Fund and the Fund incurred directly administrative fees of $45,640 of which none remained payable at December 31, 2019.

Nicole Ramroop and Riyaz Nooruddin were appointed as independent directors on August 27, 2018. During the year ended December 31, 2019 the independent directors were paid fees totaling $23,234.

9. Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of its business, the Fund enters into various financial transactions. The execution of these transactions may result in off-balance sheet risk or concentration of credit and price risk. The Fund records investment transactions on a trade-date basis and, therefore, is exposed to credit risk in the event that the Fund’s counterparties are unable to fulfill contractual agreements on the date of settlement.

The Fund maintains cash in bank accounts that, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts and expects the risk of loss, if any, to be remote.

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower’s failure to repay a loan or otherwise meet a contractual obligation. The instruments held by the Fund’s underlying investments are subject to credit risk.

The Fund also bears the risk of financial failure by any lending platform utilized by the Master Fund, or a Portfolio Fund into which the Master Fund invests.

10. Indemnifications

In the normal course of business, the Fund and the Master Fund have entered into contracts, which provide a variety of general indemnifications. Such contracts include but not limited to the Fund’s Administrator and Investment Adviser. Any exposure to the Fund and the Master Fund under these arrangements would include future claims that may be made against the Fund and the Master Fund. No such claims have occurred, nor are they expected to occur. Therefore, the Fund and the Master Fund have not accrued any liability in connection with such indemnifications.

11. Financial Highlights

The financial highlights disclosed below for the year ended December 31, 2019 are as follows:

Per Share Operating Performance	**Share Class CHF**	**Share Class EUR**	**Share Class GBP**	**Share Class USD**
Per share operating performance				
Net asset value at beginning of year	CHF 1,163.64	€ 1,196.49	£ 1,224.71	$ 1,306.65
Net increase in net assets resulting from operations				
Net investment gain	72.60	83.76	99.11	87.07
Net realized and unrealized gain (loss) on investments	(48.54)	(55.78)	(54.43)	(0.59)
Net increase in net assets resulting from operations	24.06	27.98	44.68	86.48
Net asset value at end of year	CHF 1,187.70	€ 1,224.47	£ 1,269.39	$ 1,393.13
Total Return				
Total return before performance fee	2.15 %	2.43 %	3.75 %	6.70 %
Performance fee	(0.08)	(0.09)	(0.10)	(0.08)
Total return after performance fee	2.07 %	2.34 %	3.65 %	6.62 %
Ratio to Average Shareholders' Capital				
Expenses before performance fee	0.75 %	0.83 %	0.95 %	0.76 %
Performance fee	0.08	0.09	0.10	0.08
Total expense and performance fee	0.83 %	0.92 %	1.05 %	0.84 %
Net investment income	6.24 %	6.99 %	8.03 %	6.50 %

The financial highlights are calculated for the lead share class taken as a whole. An individual shareholder's financial highlights may vary from the above based on the timing of capital transactions and individual management fee arrangements.

Total return percentages and ratios to average net assets have not been annualized.

12. Related Party Transactions

A director of the Master Fund, Jose Penabad, is also an employee and officer of the Investment Adviser.

During the financial period, each investment made by an investor of the Portfolio Manager in the Master Fund or a feeder (other than the initial investment) received a reduction in the base and incentive management fees normally charged to investors in the Master Fund, as detailed in Note 4.

13. Subsequent Events

In accordance with provisions set forth in ASC 855, Subsequent Events, the Investment Adviser has evaluated the possibility of subsequent events existing in the Fund's financial statements through June 18, 2020, the date the financial statements were available to be issued and has determined the following:.

Due to the extraordinary upheaval caused by the Covid-19 virus, the Fund did not allow subscriptions or redemptions to transact at the March 31, 2020 net asset value. Instead, the "Redemption Date", for March 31, 2020 redemption requests, will be the later of (i) April 30, 2020 or (ii) such date the Board of Directors determines that the General Partner of the Master Fund can calculate a net asset value of the Master Fund that can support redemptions and subscriptions. A "Redemption Date", for redemption requests submitted during April 2020, has also not yet been determined. Until such Redemption Date occurs, shareholders who have submitted redemption requests will continue to be shareholders in the Fund. March 31, 2020 and April 2020 redemption requests, submitted to both the Fund and the Master Fund, represent approximately 11% of the Master Fund's December 31, 2019 net asset value.

From January 1, 2020 through June 18, 2020, the Fund accepted additional subscriptions of approximately $20,495,858 and had additional redemptions of approximately $48,150,766.

OrchardWay P2P Credit Fund Ltd.
Supplementary Disclosure - Unaudited
For the year ended December 31, 2019

AIFM Remuneration

D&P is an authorized Alternative Investment Fund Manager ("AIFM") as per the meaning of the law of July 12, 2013 supervised by the CSSF.

As a result, D&P has to comply with the requirements set forth in the AIFM regulations when it comes to remuneration.

The Compliance Officer regularly assesses the adherence of D&P with the requirements set forth in the AIFM directive when it comes to remuneration.

The key principles of the remuneration policy are as follows:

1. Every single employee of D&P is entitled to a fixed salary and capped pension benefits as well as a discretionary bonus (not guaranteed), the amount (which can be nil) of which depends both on his/her individual performance in respect of the tasks he/she is assigned to and the achievement of objectives set forth at the beginning of each fiscal year and the overall performance of D&P Business Unit as a whole.
2. There is no direct relation between the total remuneration (being understood as salary, bonus and pension benefits) and the performance of the funds for which D&P acts as AIFM, as the portfolio management function is completely delegated to third party investment managers.
3. The assessment on the level of remuneration of every employee is reviewed by the Board of Directors of D&P at least on an annual basis, taking into account the following components:
    a. Labour market conditions and seniority gained (for determining the fixed salary terms).
    b. Individual performance and Duff & Phelps Service Line performance (for determining if a bonus is to be paid or not to an employee). If an employee leaves the company before the end of the performance cycle year, he/she is not entitled to any bonus.
    c. Adherence to the Service Line and overall Duff & Phelps policies in terms of risk awareness, compliance with regulations (including PA dealing) and ethics at work, as described in the staff manual, the provisions of which every staff member has adhered to when joining the company.
4. D&P compliance officer carries out on at least an annual basis a review of the compliance of the prevailing remuneration conditions with the principles of this policy and the overall compliance of the policy with the existing regulatory framework. This review is materialized by dashboard including an assessment onto whether the current situation is compliant or not that is afterwards validated by the Board.

Further information about this policy can be asked to the compliance officer of D&P.

For the year ended as at December 31st 2019, the total of the remunerations paid by the AIFM to its staff was the following:

- Fixed Remuneration: EUR 909 082,71
- Variable Remuneration: EUR 14 787

AIFM Remuneration (continued)

Sixteen employees benefited from this remuneration. Each of those beneficiaries were fully or partly involved in the activity of the Fund.

Their remuneration was broken down as follows:

- Top Managers: EUR 470 421.51
- Staff Members: EUR 438 661.20

Furthermore, no carried interest was paid by the Partnership to the AIFM.

There is no remuneration committee at the AIFM level given the nature, scope, complexity of activities and size of AIFs managed. In accordance with the proportionality principle, the AIFM is itself part of a group which has a remuneration committee in place. Additional to the afore mentioned group policy there is a dedicated local policy in place. Both policies are implemented and effectively operating; and subject to internal and external verification of their effectiveness. None of the members of the remuneration committee are involved in portfolio management or risk management functions. Further information on the remuneration policy the AIFM has implemented can be obtained free of charge upon request to the AIFM.

Overview of AIF Risks

AIF Risks are risks faced by the AIFs. AIF Risks include those that are related primarily to AIF's investments.

To be clear, the Risk Management Policy for AIF Risks covers risks at the AIF-level. It does not address individual investments of the AIF, which is overseen by the Conducting Officer – Portfolio Management Oversight.

To facilitate the appropriate and structured focus on its risk management efforts, the AIFM has identified the key AIF Risks to which the AIFs are exposed and that, looking forward, the AIFM believes exhibit the greatest potential risk exposure for the AIFs. While there are other risks that the Board, Management Committee and Conducting Officer – Risk may consider, the AIFM has invested resources and implemented risk management controls and processes specifically targeted at its AIF Risks.

The AIFM has identified the following as the key AIF Risks:

- **Investment Risk:** The risk to AIF performance arising from (a) the AIF's portfolio of investments underachieving overall return targets or (b) other unmanaged / unintended investment risks.

Overview of AIF Risks (continued)

- **Credit and Counterparty Risk:** The risk to AIF performance arising from credit default risks, material credit deterioration, or repudiation risk, in each case in respect of counterparties. The AIF's are exposed to credit risk from the following sources: surplus cash balances placed on deposit; payments due from debtors; and the underlying investments in the AIF's portfolio.

- **Concentration Risk:** The risk to AIF performance arising from (a) interrelated pools of assets or liabilities or (b) other portfolio exposures that may be similarly impacted by a common economic, financial, or business development.

- **Market Risk:** The risk to AIF performance arising from market volatility, financial market contagion, or fundamental / systemic or other market events.

- **Liquidity Risk:** The risk to AIF performance arising from the AIF's inability to meet its liabilities when they fall due. Certain AIFs face liquidity risk in relation to meeting redemption requests from investors or margin calls from counterparties.

- **Legal Risk:** The risk to AIF performance arising from changes to the legal or regulatory environment, fraud and breaches of requirements set out in the AIF's operative documents.

Liquidity Management

The AIFM maintains a liquidity policy that includes AIF-specific schedules to address the liquidity requirements and needs of the AIFs. The Conducting Officer – Risk is responsible for monitoring AIF liquidity in compliance with the liquidity policy and reporting to the Management Committee and the Board.

The Partnership is a closed ended fund with no foreseen redemption or redemption period during the scheduled term of the partnership, neither during the regular term, nor during the possible extension periods. Based upon this illiquid nature of the vehicle itself the liquidity schedule of the underlying assets and liabilities is not required to be able to meet coverage daily and be fully liquid in a narrow definition. The liquidity measurement is by nature a challenging task for loan positions, as traditional methods for assessing the liquidity may not apply.

D&P Risk Management utilizes the sophisticated MSCI RiskManager solution to compute asses the liquidity risk analytics from a quantitative perspective.

Supplemental to this the process by which the assessment of credit quality is made and how the Partnership performs a track record of investors calls to mitigate liquidity risk is reviewed from a quantitative and qualitative perspective.

Liquidity Management (continued)

The concentration ratio among the investors, including, and not being limited to, indicators on capital call and LP default risk, measuring the breakdown of undrawn capital among the top five Investors and monitoring of the cash level percentage, are monitored and measured from a qualitative perspective.

The Conducting Officer in charge of Risk Management has primary oversight of AIF Risks and identifies, monitors and reports such risks to the Management Committee and Board as part of the risk management program. He works closely with the Investment Advisors or Managers and with the other conducting officers to develop and monitor the AIF-specific Risk Matrix and Risk Profile.

AIF Risk Management Process

The AIFM has established an adequate Risk Management process ('RMP') and is providing and is in charge of the regulatory required permanent Risk Management function. As part of this process proprietary procedures, methodologies and processed have been put in place and are continuously reviewed for adequacy based on internal and external factors and potentially material foreseeable or ad-hoc events or relevant influence parameters.

This risk management process and its' embedded procedures is segregated into 6 different phases which together constitute the "6-phases wheel for Risk Management Framework". It incorporates and depicts aggregated the continuous assessment and quantification of the risks the AIF is exposed to:

- **Phase 1:** Assessment and determination of Fund's risk profile (including formalisation or risk appetite)
- **Phase 2:** Qualitative identification of risks and assessment of materiality thresholds (including mapping positions to risk factors)
- **Phase 3:** Definition, modelling and formalisation of Key Risk Indicators (KRI)
- **Phase 4:** Set-up of limits and thresholds for each KRIs (including the application and maintenance of operational procedures to monitor)
- **Phase 5:** Reporting of the risks
- **Phase 6:** Monitoring of the risks

OrchardWay P2P Credit Fund Ltd.
Supplementary Disclosure - Unaudited
For the year ended December 31, 2019

AIF Risk Management Process (continued)

The AIFM risk management function ensures the ongoing execution of the risk management process, and through, this the effective assessment and quantification of risks, and the adherence to statutory risk limits and an escalation and remediation process in case on breaches.

Leverage and Risk Figures as of end of December 2019

Gross Leverage: 140,64%
Commitment Leverage: 112,51%

The leverage figures are disclosed above are calculated in accordance with the AIFMD regulation, under both method (Commitment and Gross method) leverage is coming from the use of derivatives in the portfolio, there is no change with regards to the maximum level of leverage.

HCG Digital Finance LP

Consolidated Financial Statements

December 31, 2019

CONTENTS

HCG Digital Finance LP
General Information
As of December 31, 2019

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INDEPENDENT AUDITORS' REPORT

The General Partner
HCG Digital Finance LP:

We have audited the accompanying consolidated financial statements of HCG Digital Finance LP (the "Partnership") and subsidiaries, which comprise the consolidated statement of assets and liabilities including the condensed schedule of investments, as of December 31, 2019, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements based on our audit. We conducted our audit 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 the auditor's 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, the auditor considers internal control relevant to the Partnership'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 Partnership'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCG Digital Finance LP and subsidiaries as of December 31, 2019, and the consolidated results of its operations, changes in its partners' capital, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 29, 2020

HCG DIGITAL FINANCE LP

Consolidated Statement of Assets and Liabilities

As of December 31, 2019

		US$
Assets		
Investments, at fair value		
(cost $532,801,202) (Note 3)	$	538,549,583
Cash (Note 4)		13,520,498
Restricted cash (Note 4)		2,858,166
Due from digital loan platform (Note 4)		1,932,663
Interest receivable		5,497,611
Prepaid fees		804,092
Other assets		261,379
Total assets		563,423,992
Liabilities		
Debt (Note 6)	$	224,215,806
Senior notes payable (Note 7)		49,800,000
Interest payable		901,712
Withdrawals payable		15,384,967
Management fees payable		685,886
Performance fees payable		440,666
Accrued tax liability		115,670
Other liabilities		37,808
Total liabilities		291,582,515
Partners' capital	$	271,841,477

See accompanying notes to the financial statements

HCG DIGITAL FINANCE LP

Consolidated Condensed Schedule of Investments

As of December 31, 2019

Investments, at fair value	***Cost***	***Fair Value***	***Percentage of Partners' Capital***
Loan Investments			
United States			
Consumer loans			
Standard consumer loans			
Grade A - mature 10-26-14 to 11-01-23 - 5.31% to 9.25%	4,842,095	4,874,252	1.79%
Grade B - mature 04-20-14 to 11-01-23 - 6.00% to 14.09%	24,699,215	24,760,391	9.11
Grade C - mature 06-01-14 to 12-18-24 - 6.00% to 17.74%	228,562,694	234,160,368	86.14
Grade D - mature 05-23-14 to 12-18-24 - 6.00% to 28.8%	65,502,588	67,197,398	24.72
Grade E - mature 11-30-14 to 05-09-24 - 6.00% to 27.27%	1,977,720	1,957,296	0.72
Grade F - mature 02-19-16 to 05-20-24 - 21.99% to 30.75%	1,007,235	1,010,542	0.37
Grade G - mature 01-13-17 to 05-20-24 - 24.33% to 30.99%	2,259,869	2,314,574	0.85
Total standard consumer loans	*328,851,416*	*336,274,821*	*123.70*
Custom consumer loans			
Grade Near Prime - mature 09-08-17 to 12-16-24 - 6.00% to 31.89%	30,558,933	30,388,854	11.18
Grade Low FICO - mature 09-04-17 to 12-16-24 - 6.00% to 31.89%	41,494,591	41,224,586	15.16
Total custom consumer loans	*72,053,524*	*71,613,440*	*26.34*
Total consumer loans	400,904,940	407,888,261	150.04
Small-medium enterprise (SME) loans			
SME loans- term 1			
Grade A - mature 02-28-19 to 06-27-21 - 10.00% to 12.00%	12,232,100	12,346,922	4.54
Grade B - mature 05-21-19 to 06-27-21 - 12.00% to 13.30%	9,316,254	9,403,705	3.46
Grade C - mature 12-03-18 to 06-27-21 - 12.50% to 14.00%	8,064,806	8,140,510	2.99
Grade D - mature 09-19-18 to 06-27-21 - 13.47% to 16.67%	7,476,033	7,546,210	2.78
Grade E - mature 03-08-18 to 06-27-21 - 11.22% to 17.26%	6,574,362	6,636,075	2.44
Total Small-medium enterprise (SME) loans- term	*43,663,555*	*44,073,422*	*16.21*
SME loans- term 2			
SME loans- 6 month term	13,968,266	13,396,802	4.93
SME loans- 12 month term	21,668,673	20,782,173	7.64
Total SME -term	*35,636,939*	*34,178,975*	*15.56*
Small-medium enterprise SME factoring	5,857,698	5,535,193	2.04
Total SME loans	85,158,192	83,787,590	18.25
Student Loans	29,832,257	29,531,908	10.86
Insurance Commissions Loans	1,354,135	1,354,135	0.50
Real estate loans			
Distressed	551,904	551,904	0.20
Total real estate loans	551,904	551,904	0.20
Total loan investments, at fair value	***517,801,428***	***523,113,798***	***179.85***
United States			
Real property owned at fair value	886,959	916,835	0.34
Private Placements	14,112,815	14,518,950	5.34
Total loan investments, at fair value	***532,801,202***	***538,549,583***	***185.53%***

* Interest rates are a percentage of original loan amount

See accompanying notes to the financial statements

HCG DIGITAL FINANCE LP

Consolidated Statement of Operations

Year Ended December 31, 2019

		US$
Investment income		
Interest income	$	98,901,368
Investment expenses		
Interest expense		14,354,048
Professional and other expenses		8,499,426
Management fee		2,797,363
Performance fee		437,277
Investment expense		***26,088,114***
Investment income - net		**72,813,254**
Net realized loss and unrealized appreciation on investments		
Net realized loss on investments		(55,669,569)
Net change in unrealized appreciation		4,088,673
Net realized loss and unrealized appreciation on investments		***(51,580,896)***
Provision for income taxes		***172,569***
Net increase in partners' capital from operations		**21,059,789**

See accompanying notes to the financial statements

HCG DIGITAL FINANCE LP

Consolidated Statement of Changes in Partners' Capital

Year Ended December 31, 2019

	General Partner	Limited Partners	Total
	US$	US$	US$
Partners' capital, beginning of year	$ -	$ 247,757,419	$ 247,757,419
Capital contributions	-	44,532,820	44,532,820
Capital withdrawals	-	(41,508,551)	(41,508,551)
Allocation of net increase in partners' capital from operations	-	21,059,789	21,059,789
Partners' capital, end of year	***$ -***	***$ 271,841,477***	***$ 271,841,477***

See accompanying notes to the financial statements

HCG DIGITAL FINANCE LP

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

		US$
Cash flows from net increase in partners' capital from operations:		
Net increase in partners' capital from operations	$	21,059,789
Adjustments to reconcile net increase in partners' capital from operations to net cash provided by operating activities:		
Purchases of investments		(508,943,646)
Principal collected on investments		436,641,248
Sale of investments		5,629,594
Net realized loss on investments		55,669,569
Net change in unrealized appreciation on investments		(4,088,673)
Changes in operating assets and liabilities:		
Increase in interest receivable		407,667
Amortization of capitalized debt issuance costs		817,182
Increase in prepaid fees		(545,868)
Change in accrued tax asset/ liability		13,390
Decrease in other assets		(237,039)
Increase in interest payable		(133,413)
Increase in accrued expenses		(212,839)
Increase in management fees payable		33,582
Increase in performance fees		(21,049)
Net cash provided by net increase in partners' capital from operations	***$***	***6,089,494***
Cash flows from financing activities:		
Cash received from borrowings on line of credit	$	372,110,643
Cash paid on line of credit		(382,029,309)
Increase in closing costs on line of credit		(615,296)
Capital contributions (net of change in advance capital contributions)		44,532,820
Capital withdrawals (net of change in withdrawals payable)		(31,003,585)
Net cash provided by financing activities	***$***	***2,995,273***
Net decrease in cash and cash equivalents		9,084,767
Cash and cash equivalents, beginning of year		9,110,890
Cash and cash equivalents, end of year	$	18,195,657

See accompanying notes to the financial statements

1. Organization

HCG Digital Finance LP (the "Partnership") is a Delaware limited partnership, formed on November 13, 2014. The Partnership commenced operation on February 27, 2015. HCG Partners LLC ("HCG Partners"), a Delaware limited liability company, serves as the general partner of the Partnership (the "General Partner"). HCG Fund Management LP, a Delaware limited partnership, serves as the Investment Adviser for the Partnership (the "Investment Adviser" or "HCG Fund Management"). Pursuant to the Investment Advisory Agreement, the Investment Adviser will be responsible for making all investment decisions with respect to the Partnership's assets.

HCG Funds Ltd. Is an offshore feeder fund (the "Offshore Feeder") that invests in the Partnership. As of December 31, 2019, the Offshore Feeder has a 36.03% ownership in the Partnership. OrchardWay P2P Credit Fund Ltd. ("OrchardWay") is an offshore fund that invests in Limited Partnership interests. As of December 31, 2019, OrchardWay had a 61.90% ownership in the Partnership.

The Partnership's investment objective is to generate consistent absolute returns over the long-term risk premium, with mitigated downside risk, by investing substantially all of its assets in private investment funds organized by the General Partner or one of its affiliates and managed by the Investment Adviser or one of its affiliates ("Portfolio Funds"). Each Portfolio Fund invests (either directly or indirectly through investments in a trust or similar vehicle) primarily in consumer or business loans, advances, receivables or other financial assets ("Digital Loans") originated in the United States or outside the United States through internet-based marketplace lending platforms and other internet-based lending platforms ("Digital Lending Platforms") sponsored by and serviced by third party companies ("Digital Lending Platform Sponsors") and securities or other financial assets ("Digital Loan Securities") that are issued by trusts or similar special purpose vehicles ("Digital Loan Security Issuers") and are collateralized by, or reference or otherwise track the performance of, one or more portfolios of Digital Loans.

The Portfolio Funds are:

> HCG Consumer Credit I, LP ("CCI") is a Delaware limited partnership formed on November 13, 2012. CCI commenced operations on March 1, 2013. Habsho, LLC (the "General Partner") is registered as a Delaware limited liability company. HCG Fund Management LP (the "Investment Adviser"), a Delaware limited partnership, was hired as the investment adviser to the General Partner. Interests are offered pursuant to its current Limited Partnership Agreement and its Confidential Private Placement Memorandum (collectively the "Offering Documents"). The term of CCI shall continue indefinitely until terminated in accordance with the Offering Documents.
>
> The General Partner shall invest the assets of CCI, directly or through 100% owned limited liability companies, in unsecured whole consumer loans facilitated through the online digital loan platform established by LendingClub Corp. ("LendingClub"), and in one or more Master Global Trust Certificates ("Certificates") issued by LC Trust I ("LC Trust"), an independent Delaware trust sponsored by LendingClub.

CCI owns a 100% membership interest in HCG Consumer Credit III LLC ("CCIII"), which is a limited liability company organized under the laws of the State of Delaware, and commenced operations on October 5, 2017.

CCI owns a 100% membership interest in HCG Consumer Credit V LLC ("CCV"), which is a limited liability company organized under the laws of the State of Delaware, and commenced operations on January 30, 2019. CCV is the sole owner of the trust certificate issued by HCG Consumer Credit V Trust ("CCV Trust"), a Delaware statutory trust organized February 1, 2019. Wilmington Savings Fund Society, FSB is the Owner Trustee ("Trustee").

HCG Consumer Credit II LLC ("CCII") is a Delaware limited partnership formed on March 13, 2015. CCII Commenced operations on July 13, 2015. CCII was formed for the purpose of investing in unsecured whole consumer loans originated through the online peer-to-peer lending platform established by LendingClub Corporation. CCII holds a 100% beneficial interest in HCG Consumer Credit II Trust ("CC II Trust"). CCII, through CCII Trust, invests in standard and custom whole unsecured consumer loans programs serviced by LendingClub. LendingClub's current guidelines specify that its standard loans are unsecured consumer loans made to consumers with FICO scores above 660, whereas its custom loans are unsecured consumer loans made to consumers with FICO scores ranging between 600-600 (known as near prime, low FICO and subprime) and are only available for purchase by institutional investors. The Partnership is the sole member and manager of CCII. Interests in CCII are not available to other investors.

HCG Consumer Credit IV LLC ("CCIV") is a Delaware limited liability company formed on January 3, 2018. CCIV commenced operations on December 6, 2018. CCIV was formed for the purpose of investing indirectly in LendingClub Loans. CC IV holds a 100% beneficial interest in HCG Consumer Credit IV Trust ("CCIV Trust"). CCIV invests in LendingClub Loans through CCIV Trust which are serviced by LendingClub. The Partnership is the sole member and manager of CCIV. Interests in CCIV are not available to other investors.

HCG Real Estate LLC ("RE LLC") is a Delaware limited liability company formed on January 25, 2015. RE LLC commenced operation on February 26, 2015. RE LLC was formed for the purpose of investing in secured real estate loans originated through the online lending platform established by LendingHome Corporation ("LendingHome"). RE LLC holds a 100% beneficial interest in HCG Real Estate Trust I ("RE Trust"). RE LLC invests in real estate loans through RE Trust which are serviced by LendingHome.

RE LLC also owns membership interest issued by HCG Realty Investors LLC ("Realty Investors"), formerly known as HCG REO, LLC ("HCG RI Interests"), which is a Delaware limited liability company classified as a corporation for U.S. federal income tax purpose, that will hold all real properties received in any foreclosure action with respect to any of the LendingHome Loans. The Partnership is the sole member and manager of RE LLC. Interests in RE LLC are not available to other investors.

HCG Business Credit I LLC ("BCI"), formerly SME I LLC, is a Delaware limited liability company formed on August 28, 2015. BCI commenced operations on September 23, 2015. BCI was formed for the purpose of investing indirectly in secured accounts receivable financing ("P2Bi Loans") facilitated by the online lending platform established by P2BInvestor, Inc. ("P2Bi"). Borrowers of P2Bi Loans are typically small companies that use the loan proceeds to fund working capital needs. The Partnership is the sole member and manager of BCI. Interests in BCI are not available to other investors.

HCG Business Credit II LLC ("BCII") is a Delaware limited liability company formed on March 9, 2016. BCII commenced operations on May 1, 2016. BCII was formed for the purpose of investing indirectly in unsecured small business loans ("Square Loans") originated by a bank through the Digital Lending Platform established by Square Capital LLC is a subsidiary of Square, Inc., a publicly traded company (NYSE: SQ) that processes credit card payments for merchants. BCII indirectly invests in Square loans by holding 100% of the owner trust certificate issued by HCG SME II Trust ("SME II Trust"). Payments on HCG SME II Trust Certificates are dependent on the performance of pools of Square loans sold by Square to the trust. HCG Digital Finance LP is the sole member and manager of BCII. Interests in BCII are not available to other investors.

HCG Business Credit III LLC ("BCIII") is a Delaware limited liability company formed on October 11, 2018. BCIII commenced operations on November 29, 2018. BCIII was formed for the purpose of investing indirectly in unsecured small business loans ("Kabbage Loans") originated on the online lending platform established by Kabbage, Inc. ("Kabbage"). BCIII holds a 100% beneficial interest in HCG Consumer Credit III Trust ("BC III Trust"). The Partnership is the sole member and manager of BCIII. Interests in BCIII are not available to other investors.

HCG Business Credit IV Member LLC ("BCIV Member") is a Delaware limited liability company formed on November 6, 2019. BCIV Member was formed for the purpose of investing indirectly in small business loans originated on the online lending platform established by Lighter Capital. BCIV Member invests in Digital Loans by owning membership interests in an LLC managed by Lighter Capital.

HCG Education Finance LLC ("EdFi") is a Delaware limited liability company formed on June 8, 2017. EdFi was formed for the purpose of investing indirectly in unsecured student loans ("Climb Loans") originated by Climb Credit Inc. ("Climb"). EdFi indirectly invests in Climb loans by holding 100% of the owner trust certificate issued by HCG Education Finance Trust ("EdFi Trust"). Payments on EdFi Trust Certificates are dependent on the performance of the pools of Climb loans sold by Climb to the trust. The Partnership is the sole member of EdFi. Interests in EdFi are not available to outside investors.

HCG Finance DAC ("Finance DAC") is a designated activity company limited by shares duly incorporated under the laws of Ireland on May 9, 2017. Finance DAC commenced operations on December 14, 2017. Finance DAC was formed for the purpose of issuing secured senior medium-term notes ("Senior Notes") and fixed rate subordinated notes ("Subordinated Notes"), both secured by Digital Loans. Finance DAC acquired the Digital Loans from other Portfolio Funds. Finance DAC indirectly invests in the Digital Loans by holding 100% of the owner trust certificate issued by HCG DAC Trust ("DAC Trust").

HCG Digital Finance Trust ("DF Trust") is a Delaware statutory trust organized June 2, 2017. DF Trust commenced operations on March 2, 2018. DF Trust was formed to issue owner trust certificates. The partnership is the sole owner of the trust certificate issued by DF Trust. Interests in DF Trust are not available to outside investors.

HCG LitFi LLC ("LitFi") is a Delaware limited liability company formed July 20, 2017. LitFi commenced operations on April 5, 2018. LitFi was formed for the purpose of investing indirectly in litigation loans originated by platforms. YieldStreet services litigation loans originated on its Digital Lending Platform. LitFi indirectly invests in litigation loans by owning a membership interest issued by HCG YS LLC ("YS LLC"), which is a Delaware limited liability company. YS LLC invests in Digital Loans by owning membership interests in LLC's managed by YieldStreet.

LitFi indirectly invests in litigation loans by owning a membership interest issued by HCG RCX Finance LLC ("RCX LLC"), which is a Delaware limited liability company. RCX LLC invests in loans by owning membership interests in RCX Capital LLC.

The Partnership is the sole member and manager of LitFi LLC. Interests in LitFi LLC are not available to other investors.

HCG Vita Insurance Services LLC ("Vita") is a Delaware limited liability company formed January 28, 2019. Vita commenced operations on March 18, 2019. Vita was formed for the purpose of investing in insurance commissions loans originated by Ethos. The Partnership is the sole member and manager of Vita LLC. Interests in Vita LLC are not available to other investors.

HCG WT Member LLC ("WT Member") is a Delaware limited liability company formed on November 6, 2019. WT Member was formed for the purpose of investing indirectly in unsecured consumer loans originated on the online lending platform established by Wisetack. WT Member invests in Digital Loans by owning membership interests in an LLC managed by Wistack.

Wilmington Savings Fund Society, FSB is the Owner Trustee ("Trustee") for CCII Trust, CCIV Trust, CCV Trust, RE Trust, SME II Trust, BC III Trust, EdFi Trust, DAC Trust, and DF Trust.

2. Summary of Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Partnership is an investment company and follows the specialized accounting and reporting guidance of Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") Topic 946 "Financial Services – Investment Companies."

Basis of Consolidation

The financial statements comprise of the reports of the Partnership and its wholly owned and controlled subsidiaries, CCI, CCIII, CCV, CCV Trust, CCII, CCII Trust, CCIV, CCIV Trust, RE LLC, RE Trust, Realty Investors, BCI, BCII, SME II Trust, BCIII, BCIII Trust, BCIV Member, EdFi, EdFi Trust, Finance DAC, DAC Trust, DF Trust, LitFi, YS LLC, RCX LLC, Vita, and WT Member (collectively, the "Group") for the period ended December 31, 2019 using consistent accounting policies. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Use of estimates

Preparing financial statements in accordance with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including their 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. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates and such differences could be material.

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include interest bearing deposits with original maturities of three months or less and non-interest bearing accounts. As of December 31, 2019 the Group held no cash equivalents. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable FDIC or SPIC limitations.

Investment Transactions and Related Investment Income

Investments in loans are recorded on a trade date basis. The Group records an unrealized loss on a loan when it believes that it has decreased in value, including when a collection of a portion of the principal is doubtful. Conversely, where appropriate, the Group records an unrealized gain if it believes that the loan has appreciated in value. Realized losses are recorded when loans are written off as worthless, using the specific identification method. Interest is recorded on an accrual basis.

The Group also records its own income and expenses on an accrual basis.

Fair Value – Definition and Hierarchy

In determining fair value, the Group uses various valuation approaches. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820, Fair Value Measurements ("ASC 820") establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Group. Unobservable inputs reflect the Group's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

> Level 1 - consists of investments the Group is able to trade at the measurement date and for which observable market quotations are readily available in active markets that it has the ability to access.
>
> Level 2 - inputs consist of other significant observable inputs, such as quoted prices for similar investments in active markets and quoted prices for identical or similar investments in markets that are not active.
>
> Level 3 - inputs consist of unobservable data used when there is little or no market activity and reflect management's own assumptions about how market participants would price the security. Level 3 inputs are used to value investments in loans in the absence of significant observable inputs and reflect management's own assumptions about how market participants would price investments in loans.

Measurement of fair value using level 3 inputs necessitates the use of estimates and assumptions that are inherently subjective, and the values determined by the Investment Advisor as a result of using such inputs may differ significantly from the values that would have been used had observable quotations in an active market existed, and the differences could be material.

The level of input used for valuing investments is not necessarily an indication of the risk associated with investing in them.

Income Taxes

The Partnership elects to be treated as a pass-through entity for all relevant jurisdictions and therefore files informational income tax returns which attribute taxable income and taxes paid, if any, to the partners. Management has concluded that the Partnership is not subject to income taxes in any jurisdiction and that there are no uncertain tax positions that would require recognition in the financial statements for the Partnership.

The accompanying consolidated financial statements include a provision for income taxes as Realty Investors, YS LLC, RCX LLC, and Vita have elected to be taxed as a corporation for U.S. tax purposes. Realty Investors, YS LLC and Vita files federal and state tax returns based on the income nexus in the states where income is considered to be sourced.

Provision for income taxes is based on taxes payable or refundable for the current year. Certain assets and liabilities are reported differently for income tax purposes than they are for financial statement purpose. When material, the tax effect of these differences is recorded as deferred taxes, which is calculated using currently enacted income tax rates. For fiscal year ended December 31, 2019, the Group accrued a tax liability of $115,670.

Management accounts for uncertain tax positions using a two-step process whereby (i) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position (“more likely-than-not recognition threshold”) and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, it recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Group recognizes interest and penalties accrued on any unrecognized tax benefits as a component of provision for income tax in the consolidated financial statements of operations.

Closing Costs and Commitment Fee on Debt

Closing costs and the commitment fee on the line of credit are amortized on a straight-line basis over the life of the loan which is 60 months. As of December 31, 2019 the Group recorded $615,296 for the closing costs and commitment fees within Debt.

Allocation of Net Profits and Losses

Net profits and losses are allocated to all partners in proportion to their respective ownership interests.

3. Fair Value Measurement

The Group's assets and liabilities recorded at fair value have been categorized based upon fair value hierarchy in accordance with ASC 820.

The following table presents information about the Group's assets and liabilities measured at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets				
Investments in:				
Standard Consumer Loans	$ -	$ -	$ 336,274,821	**$ 336,274,821**
Custom Consumer Loans	-	-	71,613,440	**71,613,440**
SME loans- term 1	-	-	44,073,422	**44,073,422**
SME loans- term 2	-	-	34,178,975	**34,178,974**
SME factoring	-	-	5,535,193	**5,535,193**
Student loans	-	-	29,531,908	**29,531,908**
Insurance Commissions Loans	-	-	1,354,135	**1,354,135**
Real Estate Loans	-	-	551,904	**551,904**
Real property	-	-	916,835	**916,835**
Private Placements	-	-	14,518,950	**14,518,951**
Total Assets	**$ -**	**$ -**	**$ 538,549,583**	**$ 538,549,583**

During the year ended December 31, 2019, the Group had purchases totaling $508,943,646, collections totaling $436,641,248 and sales totaling $5,629,594.

The following table provides quantitative inputs used for investments categorized as Level 3 of the fair value hierarchy as of December 31, 2019. The table is not intended to be all-inclusive of the methodologies and inputs considered by the Investment Advisor.

Investment Type	Fair Value	Valuation Techniques	Unobservable Inputs[1]	Inputs Range[2]
Standard Consumer Loans	$ 336,274,821	Income Approach	Discount Rate Default Rate Prepayment Rate	2.98 – 9.42% 2.77 – 12.93% 0.17 – 4.01%
Custom Consumer Loans	71,613,440	Income Approach	Discount Rate Default Rate Prepayment Rate	6.02 – 12.09% 6.10 – 18.20% 0.41– 7.36%
SME loans-term 1	44,073,422	Income Approach	Discount Rate Default Rate	4.66 – 14.19% 0.92 – 4.27%
SME loans-term 2	34,178,975	Income Approach	Discount Rate Default Rate Prepayment Rate	5.63 – 9.98% 4.12 – 8.76% 12.73 – 28.48%
SME factoring	5,535,193	Income Approach	Discount Rate	9.75 - 12.75%
Student loans	29,531,908	Income Approach	Discount Rate	9.00 - 20.00%
Insurance Commissions Loans	1,354,135	Income Approach	Discount Rate	10.90 – 13.72%
Real Estate Loans	551,904	Income Approach	Discount Rate	9.50 – 13.00%
Real property	916,835	Income Approach	Discount Rate	10.00- 15.00%
Private Placements	14,518,950	Replacement Cost Approach	n/a	n/a

[1] Discount Rates are annualized unless otherwise stated

[2] Unobservable inputs were weighted by the relative fair value of the instruments.

4. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	12/31/2019
Cash and cash equivalents	$ 13,520,498
Restricted cash	2,858,166
Due from digital loan platform	1,932,663
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 18,311,327

Amounts included in restricted cash represents amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

Due from digital loan platform represents cash held at Digital Lending Platforms for future investments and expenses. The Group has a policy of reviewing, as considered necessary, the credit standing of each lending company with which it conducts business.

5. Partners' Capital

No Management Fee, Performance Fee or expenses will be charged to any limited partner during any month in which the capital contribution is received ("Subscription Month") in respect of any new capital contribution made by such limited partner during such Subscription Month. However, a limited partner's new capital contribution will also not share benefit from any distributions or appreciation in the value of the Partnership's assets during the Subscription Month and any such new capital contribution will only participate in and benefit from distributions on or appreciation in the value of the Partnership's assets after the end of the related Subscription Month. The minimum initial investment is $1,000,000 and the minimum additional investment is $250,000, both subject to waiver at the discretion of the General Partner.

A limited partner may withdraw some or all of its Limited Partnership Interest by delivering to the General Partner and the Administrator a written withdrawal request notice (a "Withdrawal Notice") at least five business days prior to the last day of any month. The General Partner will not liquidate any assets of the Partnership to meet withdrawal requests unless it determines in its sole discretion that such liquidation will not adversely affect the interest of the non-withdrawing limited partners. The Partnership's ability to fund and accept withdrawal requests is dependent on its ability to withdraw from the Portfolio Funds, which may have substantial liquidity restrictions. A Portfolio Fund invests or any restrictions imposed by a leverage facility agreement to which the Portfolio Fund is a party. The Investment Adviser will have complete discretion in selecting the Portfolio Funds from which the Partnership withdraws to fund withdrawals by limited partners. While the Partnership may borrow to fund withdrawals of Limited Partnership Interest, it is under no obligation to do so and does not expect to do so in most instances.

The Partnership generally expects to pay the withdrawal proceeds within 120 calendar days following the Withdrawal date, but such payment may be delayed to the extent there is a delay in the Partnership's receipt of funds from one or more Portfolio Funds from which the Partnership may be required to withdrawal the fund necessary to fund the limited partner's withdrawal.

For the year ended December 31, 2017, for purposes of the audited financial statements, the Partnership recognized $657,547 of Finance DAC debt and organization costs. For purposes of determining NAV, pursuant to the Partnership's Private Placement Memorandum, the $657,547 of Finance DAC debt and organization costs are being amortized over 60 months. For the year ended December 31, 2017, the difference was $651,702. For the year ended December 31, 2019, for purposes of determining NAV pursuant to the Partnership's Private Placement Memorandum, cost of $130,939 were amortized. At December 31, 2019 the difference between the net asset value expressed in consolidated statement of net assets and that which is calculated pursuant to the Partnership's Private Placement Memorandum was $389,259.

6. Debt

Line of Credit- CC II Trust

On June 21, 2017 CC II Trust amended a $55,000,000 revolving line of credit with Capital One N.A. by replacing Capital One N.A. with Texas Capital Bank N.A. as the lender. On August 30, 2017 the revolving line of credit was further amended to increase the commitment to $80,000,000 and add First Tennessee Bank N.A. as an additional lender. On October 27, 2017 the revolving line of credit was further amended to increase the commitment to $120,000,000 and add Pacific Western Bank as an additional lender.

On October 21, 2018 the revolving line of credit was further amended to increase the commitment to $170,000,000. On June 21, 2019 the revolving line of credit was further amended to increase the commitment to $190,000,000.

The line of credit is individually secured by the assets of CC II Trust. The line of credit agreement has an annual interest rate of one month LIBOR + the applicable margin based on the outstanding balance to total commitment ratio. At December 31, 2019, the rate is 4.86%. CCII Trust has an outstanding balance on the line of credit of $181,346,762 as of December 31, 2019. The maturity date of the lines of credit is May 30, 2022.

CC II Trust pays Texas Capital N.A. an unused line fee of 0.35% per annum on the difference between the maximum revolving line of credit and the average outstanding principal balance, payable monthly ("Unused Line Fee"). The Unused Line Fee for the year ended December 31, 2019 was $43,952.

Line of Credit and Term Loans- CCI

On January 25, 2016, CC I expanded its borrowing relationship with Pacific Western Bank, as a successor-by-merger to Capital Source Bank, by entering into an additional term loan facility ("Term Loan 1") in the amount of $50,662,908. The proceeds of the term loan facility were used to pay down the portion of the revolving line of credit supported by the collateral transferred to the term loan facility. The revolving period end date was February 28, 2019.

On October 6, 2017, CC I further expanded its borrowing relationship with Pacific Western Bank by entering into a second term loan facility, for purposes of acquiring specific pools of LendingClub loans, in an initial amount of $42,876,583 ("Term Loan 2").

On February 9, 2019, CC I further expanded its borrowing relationship with Pacific Western Bank by entering into a third term loan facility, for purposes of acquiring specific pools of LendingClub loans, in an initial amount of $27,071,340 ("Term Loan 3"). The term loans and revolving line of credit have a maximum, combined limit of $100,000,000. The maturity date for Term Loan 1, Term Loan 2, and Term Loan 3 is December 31, 2021.

Term Loan 1 has an interest rate at the higher of one-month LIBOR + 3.15%. At December 31, 2019 the rate is 4.91%. CC I has an outstanding balance on the term loan of $1,222,067 as of December 31, 2019. Term Loan 2 has an interest rate of one-month LIBOR + 3.45%. At December 31, 2019, the rate was 5.21%. CC I has an outstanding balance on Term Loan 2 of $4,949,745 as of December 31, 2019.

Term Loan 3 has an interest rate of one-month LIBOR + 3.20%. At December 31, 2019, the rate was 4.96%. In addition, through February 28, 2019 CC I paid Pacific Western Bank an unused line fee of 0.50% per annum on the difference between the maximum revolving line of credit and the average outstanding balance, payable monthly. The unused line fee for the year ended December 31, 2019 is $19,062. CC I has an outstanding balance on Term Loan 3 of $11,138,275 as of December 31, 2019. The maturity date of both term loans and the line of credit is December 31, 2021.

Term Loans- CCIV

On December 17, 2018, CCIV entered into a term note loan facility with Texas Capital N.A. in the amount of $54,813,670. The CCIV term note has an interest rate of one-month LIBOR + 3.0%. At December 31, 2019 the rate is 4.71%. CCIV has an outstanding balance on the term note of $21,418,318 as of December 31, 2019. The maturity date of the CCIV term note is December 17, 2021.

On December 20, 2019 amended and expanded the loan facility to include a revolving line of credit, with a commitment of $39,000,000. The CCIV revolving line of credit has an interest rate of one-month LIBOR + 3.0%. At December 31, 2019 the rate is 4.76%. CCIV has an outstanding balance on the line of credit of $5,027,768 as of December 31, 2019. The maturity date of the CCIV term note is April 20, 2023.

7. Senior Notes Payable

The terms of each issuance of the Senior Notes are as follows:

Global Note	Amount Issued	Issue Date	Interest Rate[1]	Maturity Date
2018-2 Series	$1,750,000	February 1, 2018	3.00% per annum	July 31, 2019
2018-3 Series	$7,150,000	June 7, 2018	3.40% per annum	June 28, 2019
2018-4 Series	$12,000,000	November 8, 2018	3.50% per annum	November 29, 2019
2018-5 Series	$7,500,000	December 12, 2018	3.50% per annum	January 31, 2020
2018-6 Series	$2,700,000	December 12, 2018	3.50% per annum	January 31, 2020
2019-7 Series	$9,000,000	May 16, 2019	3.50% per annum	May 29, 2020
2019-8 Series	$8,500,000	June 5, 2019	3.50% per annum	June 30, 2020
2019-9 Series	$7,600,000	September 3, 2019	3.30% per annum	September 30, 2020
2019-10 Series	$5,000,000	October 31, 2019	3.10% per annum	October 30, 2020
2019-11 Series	$9,500,000	November 29, 2019	3.30% per annum	November 30, 2020

[1] non-cumulative interest rate, paid monthly on the last day of the month

For each Series, principal is paid at maturity. DMS Governance Risk and Compliance Services Limited ("DMS") is the Trustee. Bank of New York Mellon SA/NV, Luxembourg Branch ("BNYM Luxembourg") is the Registrar and Transfer Agent. Bank of New York Mellon, London Branch ("BNYM") is the Issue Agent and Paying Agent. HCG Fund Management LP ("HCG") is the Calculation Agent and the Cash Manager. Each of the Series of Notes have been issued pursuant to the Indenture dated December 8, 2017 between Finance DAC, DMS, BNYM Luxembourg, BNYM, and HCG.

8. Financial Instruments With Off-Balance Sheet Risks and Contingencies

In the normal course of its business, the Group enters into various financial transactions. The execution of these transactions may result in off-balance sheet risk or concentration of credit and price risk. The Group records investment transactions on a trade-date basis and, therefore, is exposed to credit risk in the event that the Group's counterparties are unable to fulfill contractual agreements on the date of settlement.

The Group maintains cash in bank accounts that, at times, may exceed federally insured limits. The Group has not experienced any losses in such accounts and expects the risk of loss, if any, to be remote.

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The instruments held by the Group's underlying investments are subject to credit risk.

The Group also bears the risk of financial failure by Lending Platforms. All lending transactions of the Group are serviced by Lending Platforms pursuant to the respective customer agreement.

9. Investment Management and Performance Fees

The Investment Adviser will receive a quarterly management fee in arrears calculated at the annual rate of 2% (0.50% per quarter) of each limited partner's capital account as of the last day of each month. The General Partner may enter into side letters or similar agreements with certain investors providing for, among other things, the General Partner agreement to exercise its discretionary authority under the Limited Partner Agreement for the benefit of such investors with respect to certain terms of their investment with the Partnership, including without limitation, fees, redemption, and withdrawal rights and notice periods and information rights. The General Partner may elect to reduce, otherwise modify or waive the management fee with respect to any limited partner. The management fee for the year ended December 31, 2019 was $2,797,363 of which $685,886 was payable as of December 31, 2019.

At the end of each fiscal year, the Investment Adviser receives a performance fee equal to 20% of the net capital appreciation in excess of the threshold return (6% per annum). This fee is charged yearly and in arrears. On each date on which a limited partner receives any cash distribution, the Investment Adviser may receive a performance fee in an amount equal to 20% of the net capital appreciation in excess of the threshold return calculated of the applicable fiscal period. The Investment Adviser earned a performance fee for the year ended December 31, 2019 of $437,277. As of December 31, 2019 there was a payable of $440,666.

The Partnership will not be charged any management fees or performance fees in connection with its investment in any Portfolio Fund.

10. Indemnification

In the normal course of business, the Group has entered into contracts that contain a variety of indemnifications. Any exposure to the Group under the arrangements would include future claims that may be made against the Group. No such claims have occurred, nor are they expected to occur. Therefore, the Group has not accrued any liability in connection with such indemnifications.

11. Administrative services

SS&C Technologies Inc. (the "Administrator") serves as the Group's administrator and performs certain administrative accounting services on behalf of the Group. The Administrator's fees are included in professional and other expenses on the statement of operations.

12. Financial Highlights

Total return and the financial ratios are calculated for the Partnership's limited partners taken as a whole. An individual's total return and ratios may vary slightly from these returns and based on the timing of capital transactions and variations in management fees and performance fee arrangements.

Ratios to Average Partners' Capital:	
Interest expense	(5.35) %
Professional and other expenses	(3.17)
Management Fee	(1.04)
Total investment expenses before performance fee	*(9.56) %*
Performance Fee	(0.16)
Total investment expenses after performance fee	*(9.72) %*
Net investment income	27.17 %
Operating Performance	
Total return before performance fee	8.11 %
Performance Fee	(0.16)
Total return after performance fee	*7.95 %*

13. Related Party Transactions

The Offshore Feeder is not charged management or performance fees on its investment in the Partnership. Such amounts are charged directly to the investors of the Offshore Feeder, as applicable. The details of management and performance fee calculations are included in Note 9 of the consolidated financial statements.

Certain limited partners are affiliated with the General Partner. The aggregate value of the General Partner's and affiliated partners' share of the Partnership's capital as of December 31, 2019 was $0. During the year ended December 31, 2019, the General Partner's and affiliated limited partners' made aggregate withdrawals of $0.

14. Subsequent Events

Management evaluated subsequent events through April 29, 2020, the date these financial statements were available to be issued. With the exception of the matter described below, there were no material subsequent events that required disclosure in these financial statements.

On January 16, 2020 Finance DAC issued $8,200,000 of Series 2020-12 Global Notes. The 2020-12 Series pays non-cumulative interest rate of 3.00% per annum. Interest is paid monthly, on the last day of the month. The 2020-12 Series matures on January 31, 2021.

On February 5, 2020 Finance DAC issued $2,200,000 of Series 2020-13 Global Notes. The 2020-13 Series pays non-cumulative interest rate of 3.00% per annum. Interest is paid monthly, on the last day of the month. The 2020-12 Series matures on February 26, 2021.

During the period January 1, 2020 through February 29, 2020, capital contributions and redemptions by the partners totaled $1,472,794 and $4,915,796 respectively.

Due to the extraordinary upheaval caused by the Covid-19 virus the Partnership did not allow capital contributions or redemptions to transact at the March 31, 2020 net asset value. Instead, the "Withdrawal Date", for March 31, 2020 withdrawal requests, will be the later of (i) April 30, 2020 or (ii) such date the General Partner determines that the Investment Adviser can calculate a net asset value of the Partnership that can support redemptions and capital contributions. A "Withdrawal Date", for withdrawal requests submitted during April 2020, has also not yet been determined. Until such Withdrawal Date occurs, partners who have submitted withdrawal requests will continue to be partners in the Partnership. March 31, 2020 and April 2020 withdrawal requests represent approximately 11% of the Partnership's December 31, 2020 net asset value.

The Partnership will not accept capital contributions until the General Partner determines that the Investment Manager can calculate a net asset value of the Partnership that can support redemptions and capital contributions.