



The emerging market fintech investor

# Private Investment Perspectives and Opportunities in Brazil

September 2022

# VEF at a Glance – the emerging market fintech investor

Riding one of the strongest multi-year secular growth trends in some of the world's fastest-growing markets

## Listed investment company

- Listed in Sweden since Dec-2015 – Vef AB (publ)
- Admitted to Nasdaq Stockholm's Main Market in Jun-2022
- Unique access vehicle: unlocking access to highly attractive fast-growing private fintech assets with public market liquidity

## Exclusive fintech focus with deep industry expertise

- Deep sector knowledge built through the evaluation of hundreds of deals and sitting on 15<sup>1</sup> boards across all lines of fintech
- Unique global fintech lens
- Strong track record of value creation with two successful exits in Russia's and Turkey's leading fintech companies, Tinkoff and Iyzico

## Global emerging market specialists

- Extensive Emerging Markets investing experience
  - David Nangle, CEO: 20+ years EM financial services
  - Alexis Koumoudos, CIO: 10+ years EM investing
  - Execution of 20+ private transactions across Emerging Markets

**\$230M**  
Market cap<sup>2</sup>

**\$441M**  
NAV (2Q'22)

**16**  
Portfolio companies

**\$64M**  
Cash & liquidity<sup>3</sup>

**+12.5%**  
2015-22  
Share price CAGR<sup>4</sup>

**+21.5%**  
2015-22  
NAV per share CAGR<sup>4</sup>

<sup>1</sup>Including board seats exited

<sup>2</sup>Market cap as at 30 June 2022

<sup>3</sup>Cash and liquidity investments as at 30 June 2022

<sup>4</sup>CAGR since inception as at 30 June 2022

## Targeted investment approach with a clear mandate...



### SECTOR

We target all lines of financial services inclusive of payments, credit and savings/investments. The “right” target sector is very market-dependent.



### GEOGRAPHY

Within emerging markets, we focus on the more populous and scalable markets, referenced against competition for opportunities and point in the cycle.



### MINORITY STAKES AND A BOARD SEAT

VEF targets sizeable minority stakes of 10–20% with board representation in its portfolio companies. We are active and supportive shareholders.



### UNIQUE FINTECH INVESTMENT

There are very few ways to play the growing fintech investment theme in public markets and even less in the emerging world. VEF is a unique access asset in this regard.

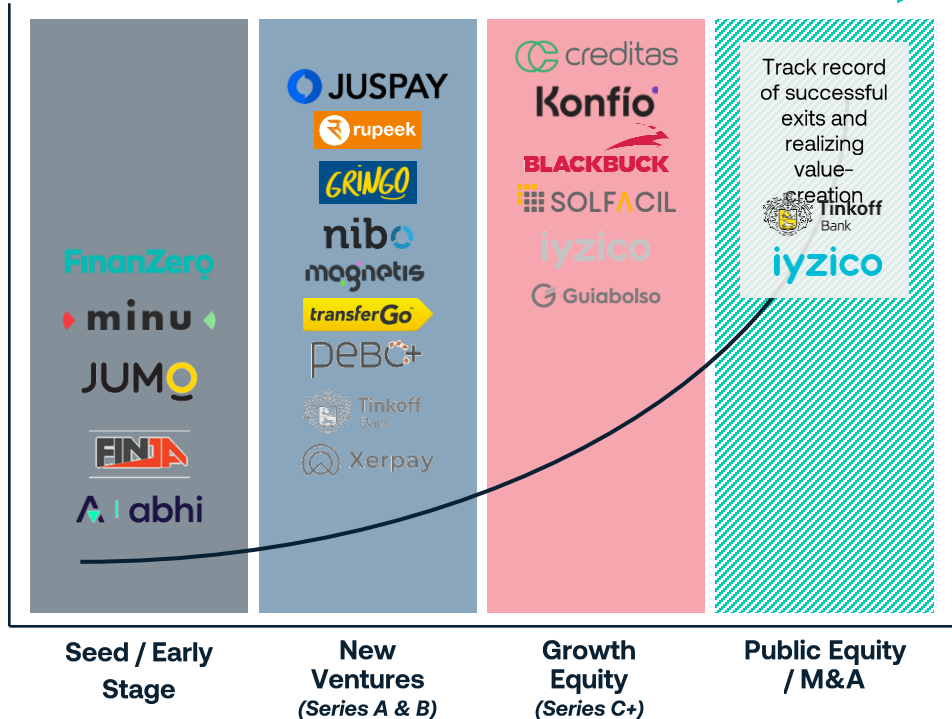
## ...and deep expertise across the fintech spectrum

<p><b>CREDIT</b></p>	<ul style="list-style-type: none"> <li>• Consumer</li> <li>• SME</li> <li>• Secured</li> <li>• Unsecured</li> </ul>
<p><b>PAYMENTS</b></p>	<ul style="list-style-type: none"> <li>• Offline</li> <li>• Online</li> <li>• Mobile</li> <li>• Remittances</li> </ul>
<p><b>PERSONAL FINANCE</b></p>	<ul style="list-style-type: none"> <li>• Digital Banks</li> <li>• Personal Finance Managers</li> <li>• Mobile Wallets</li> </ul>
<p><b>INVESTMENTS</b></p>	<ul style="list-style-type: none"> <li>• Wealth Management</li> <li>• Roboadvisors</li> <li>• Digital Brokers</li> </ul>
<p><b>EMBEDDED FINTECH</b></p>	<ul style="list-style-type: none"> <li>• Accounting SaaS</li> <li>• HR &amp; Payroll Management</li> <li>• BNPL</li> <li>• Logistics</li> </ul>
<p><b>INSURTECH</b></p>	<ul style="list-style-type: none"> <li>• Online comparison and brokerage</li> <li>• Full-stack digital</li> </ul>

= VEF investments

## Uniquely positioned to capitalise on attractive investment opportunities across all stages<sup>1</sup>

Deep experience investing across the entire spectrum and supporting our portfolio companies through their maturity lifecycle



## Delivering clear benefits and underpinning long-term value creation

- Flexibility**
  - Allows capital deployment to the most attractive opportunities across all stages
  - Flexibility to invest through-cycle
  - Ability to remain invested for the long-term and support our portfolio with strategic follow-on investments
- Reputation & access**
  - Highly sought-after capital underpins our differentiated proprietary pipeline
  - Privileged access to the best opportunities
- Value-creation**
  - Unlocks the full potential of leading start-ups over the long-term, with ability to exit at the right point in the cycle

<sup>1</sup> Illustration represents maturity at the time of VEF's initial investment

# A diversified portfolio across scale emerging markets

VEF has backed entrepreneurs across the emerging world since inception in 2015

## Portfolio companies

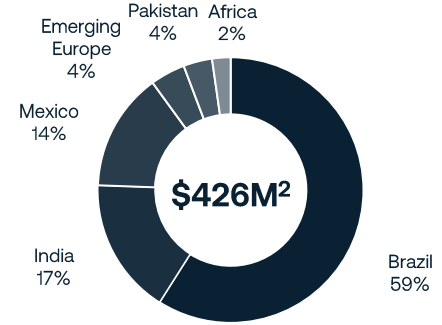
As of 30 June 2022



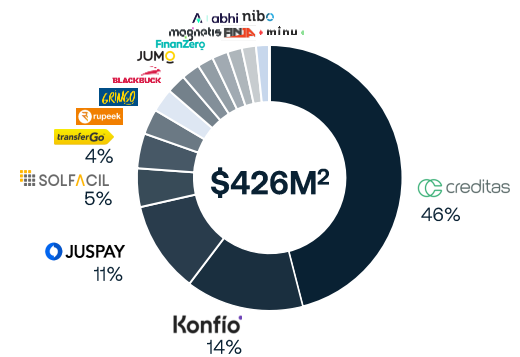
VEF investments

## Portfolio composition

### Geographic Breakdown<sup>2</sup>



### Portfolio Companies<sup>2</sup>



5 <sup>1</sup>Position in Revo is held at zero, hence VEF holds no exposure to Russia  
<sup>2</sup>Based on Q2'2022 NAV, excl. cash and liquidity investments

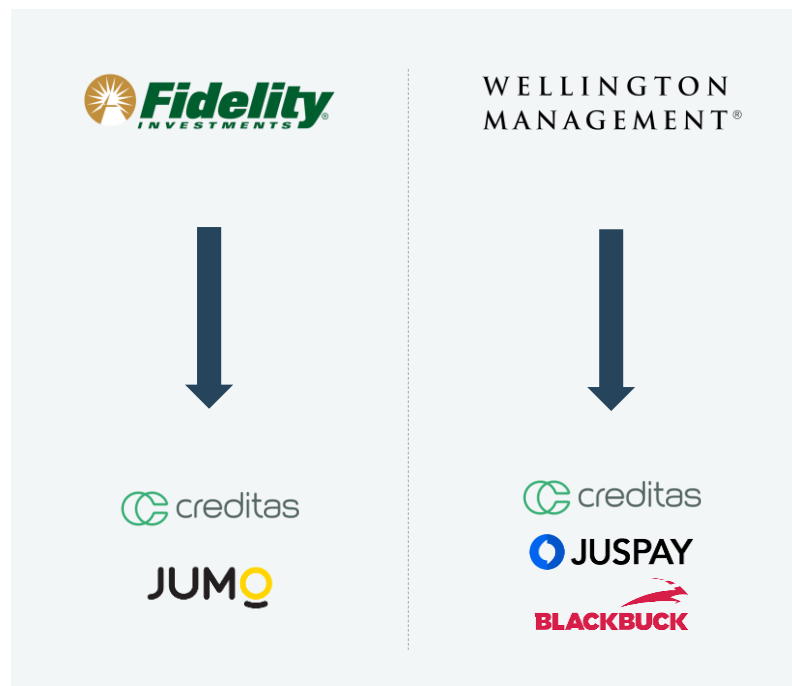
## Long-term supportive institutional shareholder base

Leading institutional managers maintain long-term holdings and have consistently supported our growth over the years

Shareholder	Holding (% of TSO1)	Date Invested	Q4'20 Placement	Q3'21 Placemen +
Ruane, Cunniff & Goldfarb <sup>2</sup>	20.9%	2015	✓	✓
Libra Fund <sup>2</sup>	11.9%	2015	–	–
Fidelity <sup>3</sup>	11.6%	2015	✓	✓
Swedbank Robur	8.8%	2015	✓	✓
WASATCH <sup>2</sup> GLOBAL INVESTORS	8.0%	2020	✓	✓
WELLINGTON <sup>2</sup> MANAGEMENT <sup>®</sup>	4.8%	2015	✓	–
ROBECO The Investment Engineers	1.9%	2021	–	✓

## Strong conviction in VEF's investment appraisal

Key shareholders have committed to co-investments in follow-on rounds across a number of our portfolio companies



<sup>1</sup>Based on Euroclear Sweden AB data and holdings known to the company. Including foreign nominees

<sup>2</sup>Holding as per the latest notification to the Company

<sup>3</sup>Includes Fidelity Investments (FMR) (9.1%) and Fidelity International (FIL) (2.5%)

# Seasoned management with extensive EM fintech expertise, supported by a high calibre, experienced team



Management team

## Investment team



**David Nangle**  
*CEO*

- **Experience:** 20+ years EM FS
- Renaissance Capital Head of Research and Financials Sector Research
- ING Barings Head of EMEA Financials Research



**Alexis Koumoudos**  
*CIO*

- **Experience:** 10+ years EM investing and 5 years entrepreneur
- Partner at Skyline Capital Management, an emerging market focused hedge fund



**Cathal Carroll**  
*Investment Manager*

- 15+ years experience in financial services industry
- Co-founded Carraighill research



**Éire Smith**  
*Associate*

- 5 years experience investing in emerging market fintech



**Shashi Shekhar Mahajan**  
*Associate*

- 8+ years experience across investment banking, PE and venture capital



**Evin Mc Kay**  
*Associate*

- 4 years investment banking with Morgan Stanley, most recently with an exclusive focus on Technology coverage



**Fernanda Cortes Mora**  
*Analyst*

- Prior experience with Redwood Ventures in Mexico and working for Kueski, the Latam digital lender

## Operations team



**Henrik Stenlund**  
*CFO*

- **Experience:** 15+ years
- COO of Pomegranate Investment, VNV
- CEO, Strix Television



**Helena Caan Mattsson**  
*G.C / Head of Sustainability*

- **Experience:** Extensive background in M&A, private equity and corporate law
- Associate at Cederquist, Baker & McKenzie, Roschier



**Elisabet Hultén**  
*Deputy CFO*

- Held several positions within financing functions prior to joining VEF
- Background within Big Four and holds an M.S.c in Business Administration



**Kim Ståhl**  
*Head of Accounting*

- Spent 10 years as a financial consultant at Aetas, as well as holding various other positions including Head of Accounting at Lendify, Business Controller at GS1, CFO at Lexly



# Brazil is the most obvious fintech opportunity globally



## A SCALE MARKET OPPORTUNITY

With a population of over 200 million people, Brazil is one of the world's largest economies, and the kind of scale emerging market we like to invest in.



## ONE OF THE MOST 'ONLINE' MARKETS IN THE WORLD

Brazil is one of the most 'online' markets in the world with high smartphone and internet penetration, a growing e-commerce market and strong tech adoption.

Smartphone adoption has grown from 55% in 2016 to 77% in 2021 across Latam, and internet penetration in Brazil in particular has now reached 81%.



## OLIGOPOLISTIC BANKING SECTOR AND SUPERNATURAL REVENUE ECONOMICS

Brazil's banking market is highly concentrated, with the top five banks holding over 80% of total loans in the system, while fees and interest rates are some of the highest anywhere in the world. It is an immense revenue pool for fintech to attack.



## WELL-BANKED ECOSYSTEM

Unlike many emerging markets, the Brazilian banking system is first world in many aspects, and its population is comfortable in the use of a broad array of financial products. It is less a case of financial education and one of offering better products at a better price and user experience than incumbents.



## SUPPORTIVE REGULATORY LANDSCAPE

The Central Bank of Brazil is supportive of the fintech ecosystem as a way of leveling the playing field and improving the financial wellbeing of the average Brazilian. Not always the case across the emerging world.



## PEOPLE AND ECOSYSTEM

We have found many strong entrepreneurs and teams in Brazil and a very supportive VC and investment ecosystem into which to invest and partner.



## MULTIPLE EXIT ROUTES WITH A HISTORY OF VALUE CREATION

Brazil has a healthy exit opportunity set through M&A and IPO. The Brazilian fintech ecosystem has seen massive exits of benchmark companies like NuBank, PagSeguro, Stone, Banco Inter and XP, with other multi-billion-dollar acquisitions across the tech landscape.



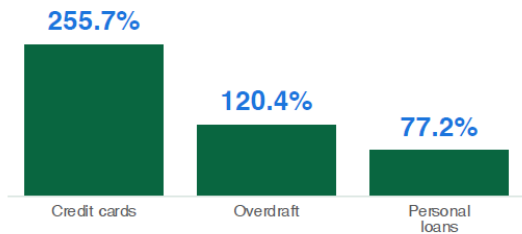


## Key facts

<b>Focus</b>	<b>Asset Focused Ecosystem</b>	<b>Fair value</b>	<b>USD 195.9 mln</b>
<b>Founded</b>	<b>2012</b>	<b>Investment</b>	<b>USD 98.4 mln</b>
<b>Key region</b>	<b>Brazil</b>	<b>Ownership stake</b>	<b>8.9%</b>
<b>% of invested portfolio:</b>	<b>46.0%</b>	<b>Year of investment</b>	<b>2017</b>

### Extraordinary interest rates, despite an enormous pool of unlevered assets

Average bank spreads in Brazil (%)



# 48 Million

**Residences debt-free**  
66% of all Brazilian residences

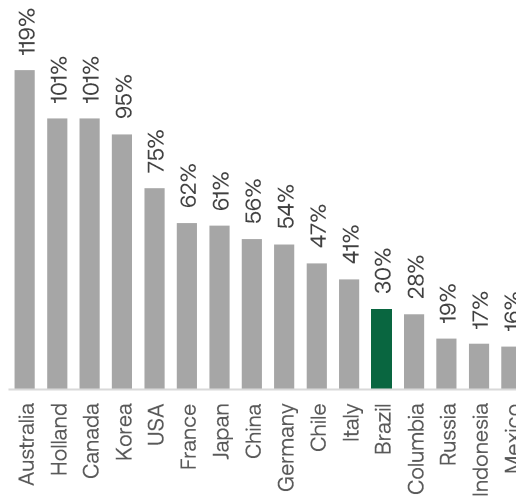


# 28 Million

**Cars debt-free**  
74% of all Brazilian cars

### Creating a huge potential for credit adoption

Low indebtedness levels (% of GDP)



### Creditas addresses credit affordability through collateralized lending

	Home equity & sale advance
	Auto equity & auto finance
	Payroll loan & salary advance

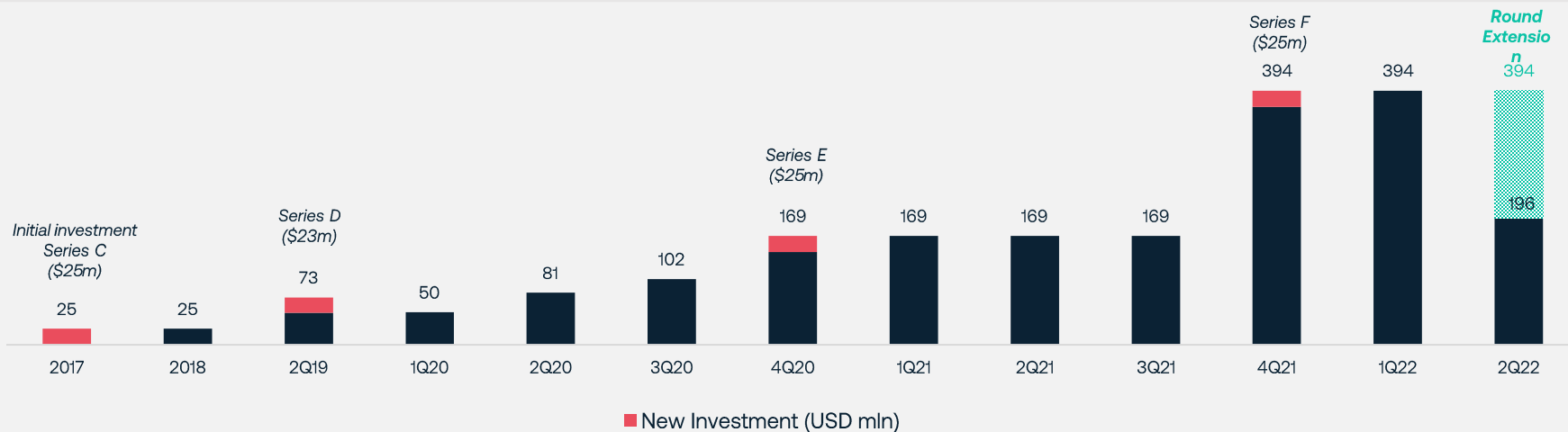


# Creditas, strong M&A track record and value creation history



4Q20			1H21		3Q21			4Q21	2Q22	3Q22				
VEF raises \$61m in share placement	Creditas \$255m Series E at \$1.75b valuation VEF invests \$25m	VEF share price and NAV reach record highs	Creditas acquires Bcredi	Creditas invests in Voltz; a Brazilian electric motorcycle startup	Creditas acquires Minuto Seguros, a Brazilian digital insurance platform, strengthening its car platform	Creditas acquires Volanty, a used car platform; growing 2x pa and broadening asset focused ecosystem on path to IPO	Creditas partners with NuBank, world's largest neobank. Creditas will offer its products to Nubank customers in Brazil	Creditas \$260m Series F at \$4.8b post-money valuation VEF invests \$25m	Creditas acquire Andbanks banking license. Expand Series F round with \$50m at \$4.8b valuation	Creditas partnership to allow MercadoLibre users to request used car loans in Mexico				
<b>VEF NAV</b>			<b>\$388m</b>		<b>\$404m</b>			<b>\$554m</b>			<b>\$762m</b>		<b>\$441m</b>	

## Evolution of VEF's stake valuation in Creditas





## Key facts

Focus	Solar Energy Financing Platform
Founded	2018
Key region	Brazil
% of invested portfolio:	4.7%

Fair value	USD 20.0 mln
Investment	USD 20.0 mln
Ownership stake	2.6%
Year of investment	2022



Significant TAM for solar energy in Brazil driven by electricity market dynamics, cheap labor, high levels of home ownership, a favorable regulatory environment, and ideal climate conditions



Solfácil is building an ecosystem for solar energy adoption in Brazil, where, giving consumers access to financing for panels, where the cost of borrowing equates to consumers' current utility bills



Loans are disbursed through a fully digital channel, leveraging a fragmented network of partner solar installers across the country to originate the loans

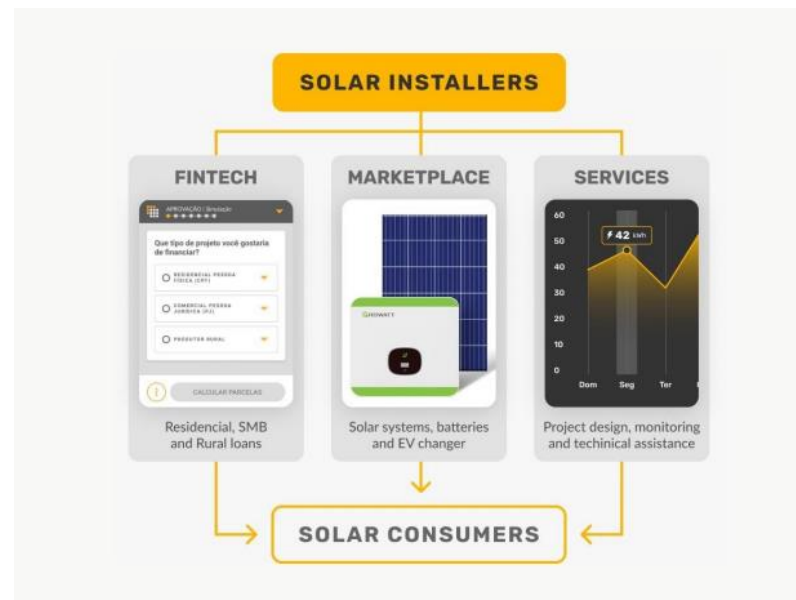


Solfácil also operates a marketplace for solar panels and offers additional value-added services to customers such as equipment maintenance and repair



In March 2022, VEF invested USD 20 mln into Solfácil, participating in its USD 100+ mln Series C round which was led by QED and also saw participation from SoftBank and existing investors

## Solfácil: The ecosystem for solar energy adoption in Brazil





## Key facts

Focus	Super-app for drivers
Founded	2020
Key region	Brazil
% of invested portfolio:	2.9%

Fair value	USD 12.2 mln
Investment	USD 12.2 mln
Ownership stake	10.2%
Year of investment	2022



Gringo is building a “super-app” for drivers in Brazil with the ambition of becoming the drivers’ best friend



Vehicle ownership in Brazil is a cumbersome journey where owners face pain points driven by analogue processes, massive paperwork and broken legacy systems



Gringo has started by offering vehicle-documentation related services such as payments, BNPL solutions for drivers to pay for renewal of licenses, taxes and fines amongst other things



Gringo’s vision is to become the “super-app” for drivers. In 2021, Gringo expanded its credit offering and began selling insurance products



Gringo is currently the number 1 car app in the Google Play Store with over 7 mln drivers currently using its platform

## Gringo in figures



### >6x

2022 GMV YoY growth



### 7x

2022 revenue YoY growth



### 7 mln+

Drivers on Gringo platform

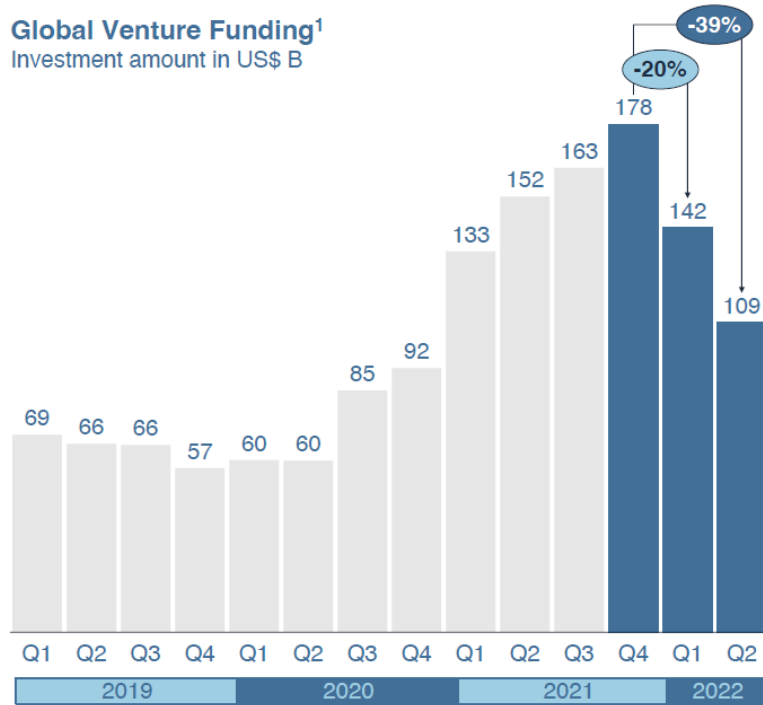


### 4.7

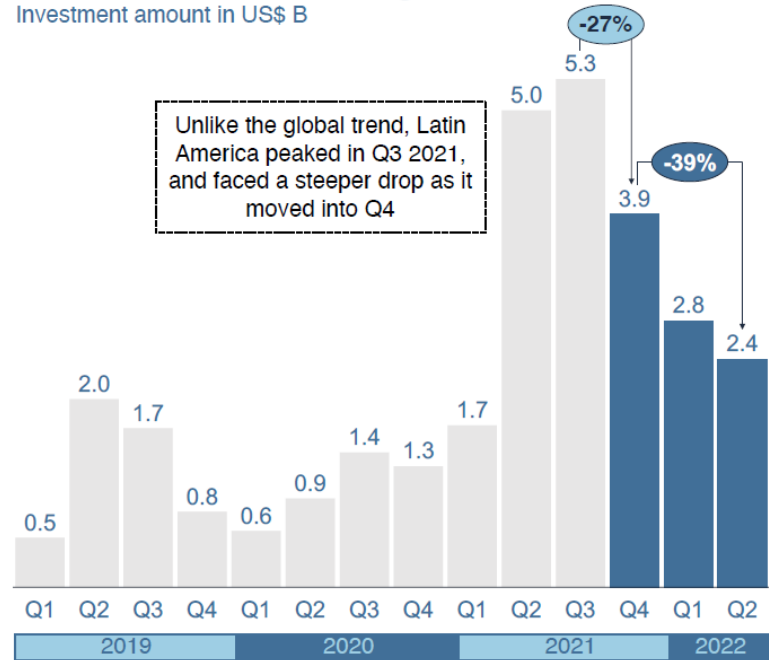
Google Play Store Rating

# Global venture funding decreased by ~40% in the first two quarters of 2022, with the same trend present in LatAm

**Global Venture Funding<sup>1</sup>**  
Investment amount in US\$ B



**Latin America Venture Funding<sup>2</sup>**  
Investment amount in US\$ B



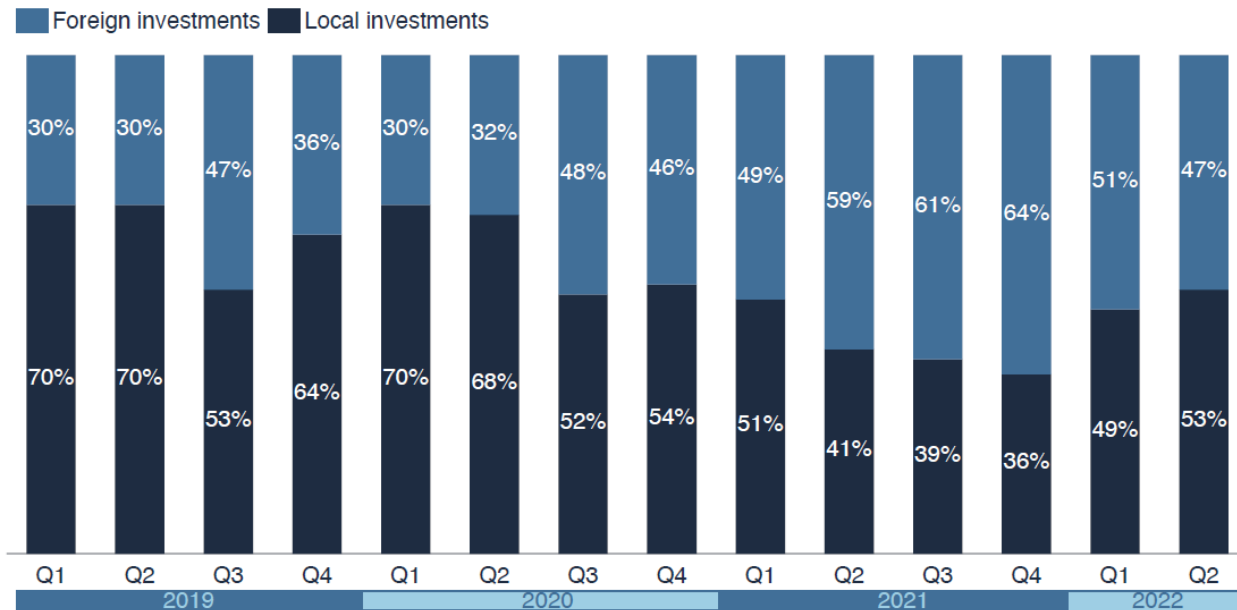
Unlike the global trend, Latin America peaked in Q3 2021, and faced a steeper drop as it moved into Q4

Source: (1) CB "Insights State of Venture Q2" (2022); (2) LAVCA "Industry Data and Analysis, Q2" (2022)

# Foreign investors are slowing down in the region (but not leaving) while local funds have taken some share of activity

## Total investments by the 20 most active investors in Latin America

Total investment count attributed to top 20 investors in trailing twelve months and % of those deals accounted for by foreign investors



### Recent Trends Among Top 20 Investors

**-58%**

decrease in investments by foreign investors from 2021 to mid-2022

**-34%**

decrease in investments by local investors from 2021 to mid-2022

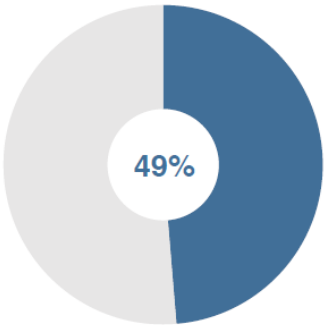
Note: (\*) In cases there was a tie in the 20th investor, all investors with same deal count were included. Only investments in Brazil, Mexico, Argentina, Colombia and Chile were analyzed. "Investment" is defined as a check by an investor in a financing round (multiple "investments" by different investors can exist in a round). Additionally, the total number of deals had continuously increased between 2019 and 2020

Source: Crunchbase funding rounds (top 20 investors in number of deals); Atlantico analysis

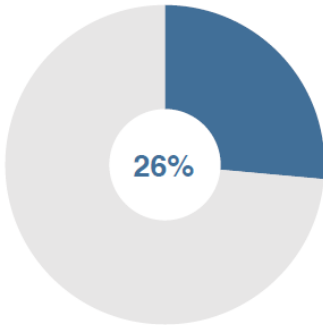
# Financial Services remains the top category for venture investment in LatAm given the continued large opportunity



Percentage of Latin Americans over age 15 who...



did not borrow any money in 2020  
>300MM people<sup>1\*</sup>

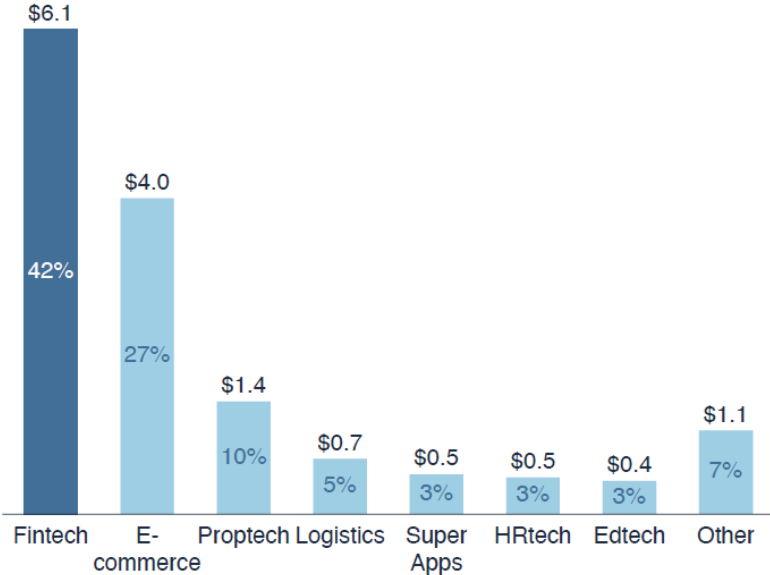


are still unbanked  
>150MM people<sup>1\*\*</sup>

#60

Is the ranking of the highest-ranked Latin American financial center (Mexico City, Mexico) in the latest GFCI<sup>2</sup>

VC Investment by category in Latin America, 2021<sup>3</sup>  
US\$ B and % of total venture capital investment



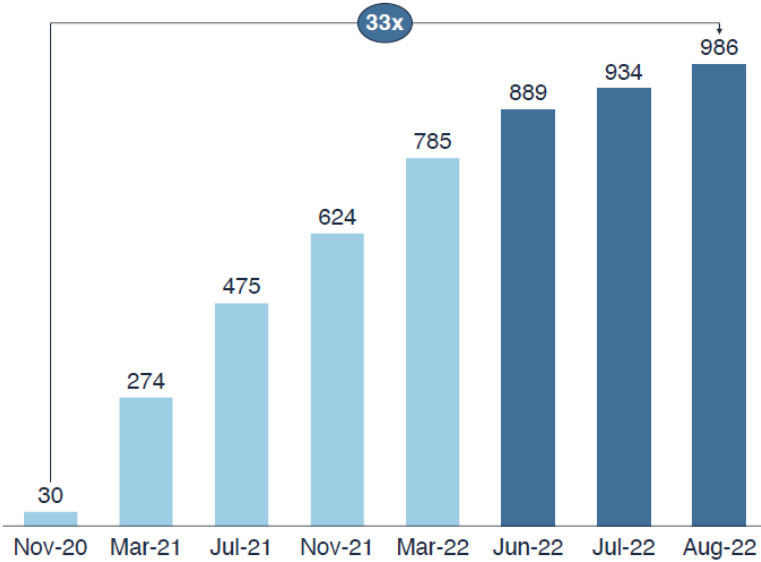
Note: (\*) For reference, this percentage is equal to 24% in the US. (\*\*) For reference, this percentage is equal to 5% in the US and, for this analysis, unbanked is considered not having an account in a financial institution

Source: (1) The World Bank, "Global Findex Database 2021" (2022); (2) Z/Yen, "Global Financial Centers Index" (2022); (3) Latin American Private Equity & Venture Capital Association, "LAVCA Trends in Tech" (2022)

# Pix is eating digital payments in Brazil

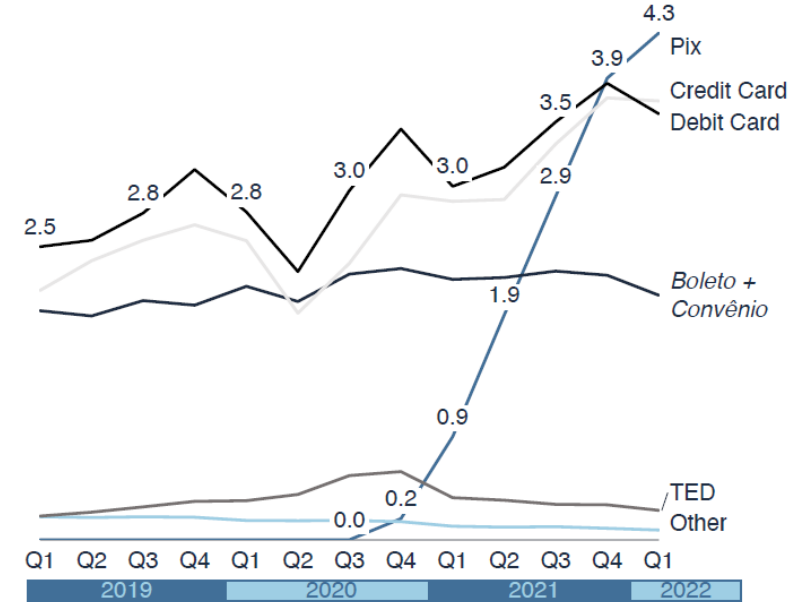
## Pix total payment volume

R\$ B



## Number of transactions by digital payments in Brazil

Billions

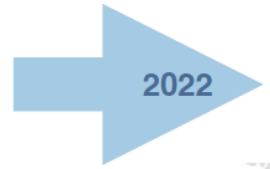


Note: (\*) The US Dollar to Brazilian Real exchange rate on August 12, 2022 was 5.08 and averaged 5.12 in 2022

Source: Banco Central do Brasil



# As Open Banking & Finance gains relevance in LatAm, it is expected to bring continued innovation and changes



## Current state of Open Banking & Finance<sup>1</sup>

### COLOMBIA

Guidelines for Colombia's Open Finance system are expected to be published soon after public consultation

### CHILE

In August 2021, the Chilean Ministry of Finance published guidelines for a regulatory framework that promotes the development of Open Finance



### BRAZIL

In March 2022, the Central Bank launched its Open Finance Project to transform FX, investments, insurance, and pension as Open Banking is doing to traditional banking services

### ARGENTINA

Transfers 3.0, the country's real-time payment scheme, was launched in November 2021

## Open Banking's effects on traditional finance

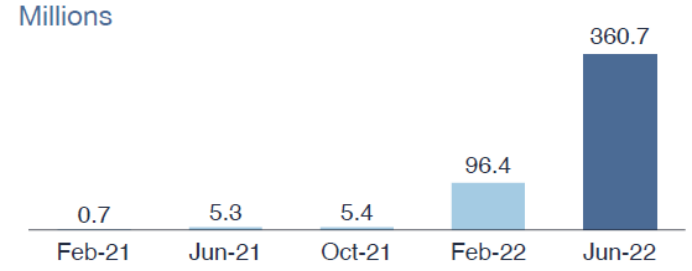


Reduces the cost of financial services by democratizing access to customer data



Paves the way for new businesses by enabling new models and reducing incumbents' data access advantage

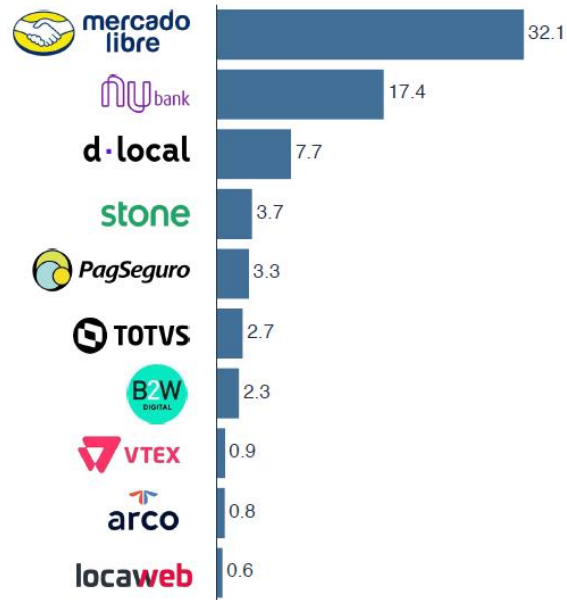
## Successful Open Banking API calls in Brazil<sup>2</sup>



Source: (1) Belvo "The state of open banking in Latin America in 2022" (2022), Ministerio de Hacienda y Crédito Público de Colombia, Ministerio de Hacienda de Chile, Banco Central do Brasil, Banco Central de la República Argentina, Atlantico Analysis; (2) Open Banking Brasil

# Inflecting: The growing number of large tech companies in LatAm shows continued value creation from digitalization

**Largest public tech companies<sup>1\*</sup>**  
Market capitalization in US\$ B as of June 30<sup>th</sup>, Latin America



**Active Unicorns in Latin America<sup>2\*\*</sup>**  
Valuation above US\$1 B, 2022



Note: (\*) A unicorn is a private technology company valued over US\$ 1B; (\*\*) Only unicorns that were active at the time are counted, meaning unicorns that had exited (i.e., acquired or went public) – such as Stone, VTEX, Nubank, dLocal, etc. - have not been included  
Source: (1) Capital IQ, data from June 30<sup>th</sup>, 2021, (2) Atlantico Analysis

**Thank you**