



Grow VC Group ++

www.growvc.com ++

@growvc ++

Enabling Digital Finance ++

Hybrid Digital Finance:

Combine platforms, technology and markets

New York - London - San Francisco - Hong Kong

Worldwide pioneer and leader
Crowd investing, peer-to-peer and digital finance enabler

Finance and
Services

Infrastructure

Data, Research &
Consulting



Hong Kong - London - New York - San Francisco - Milan

Global leader of digital finance groups

- Started its operations **in 2009** being the pioneer to start digital finance service
- Grow VC Group was the **first in the world** to launch an online startup equity investing service in the world
- The group includes **10 businesses**
- Grow VC Group companies have more than **100 active customers** with **millions of end users** globally having launched new digital finance services
- The main hubs are in London, New York, San Francisco and Hong Kong
- Several its companies are **leaders in their own areas**, e.g. Crowd Valley, DealIndex and TradeUp Capital Fund

People

- Grow VC Group's management and founders have been listed as **top influencers** in the world in digital finance, Fintech, crowdfunding and digital business
- Our key people are **serial entrepreneurs** who have experience to launch several new companies and products around the world to consumer and business market
- Our people have been in **executive roles** to launch international corporates' products to new markets and build data analytical approach for go-to-market and sale

FinTech Firm of the Year
Award Winner 2015



Many Parties Work With Us



Radley & Associates



Dalberg



Government of Canada



The Great Disruption

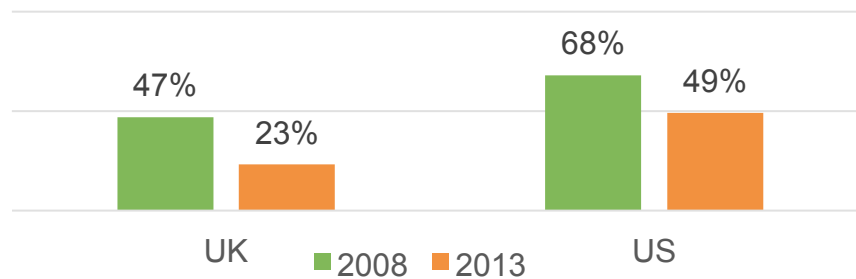
*Demand from capital requirements,
customers and efficiency needs*

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Finance Sector Challenges

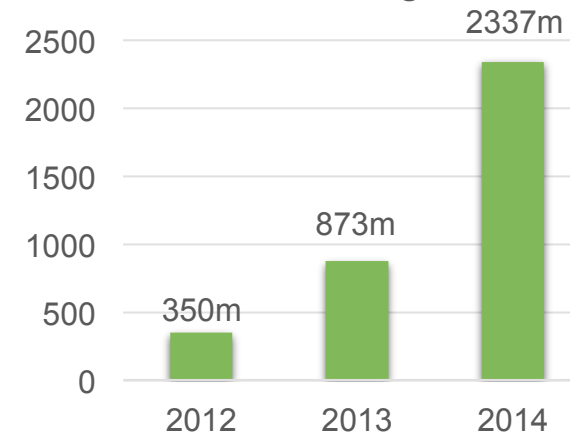
1. The finance crisis in 2008 started **a chain reaction** that impacted regulation, credibility and business models of banks
2. More regulation and requirements on capital have **limited banks' capability** to lend to business customers
3. Digital currencies and especially underlining technology, like blockchain, **enables new ways** to make transactions without payment processors and banks
4. People and companies are **more critical** towards finance institutions and **service costs**, e.g. in fund raising, wealth management and asset management
 - › Leads to try alternative providers
 - › Crowdfunding and p2p lending have emerged
5. Goldman Sachs has estimated that the alternative finance addressable market is **\$3.3 Trillion**
6. Average **growth rate** of the UK alternative Finance market is **159%**

Level of confidence in banks



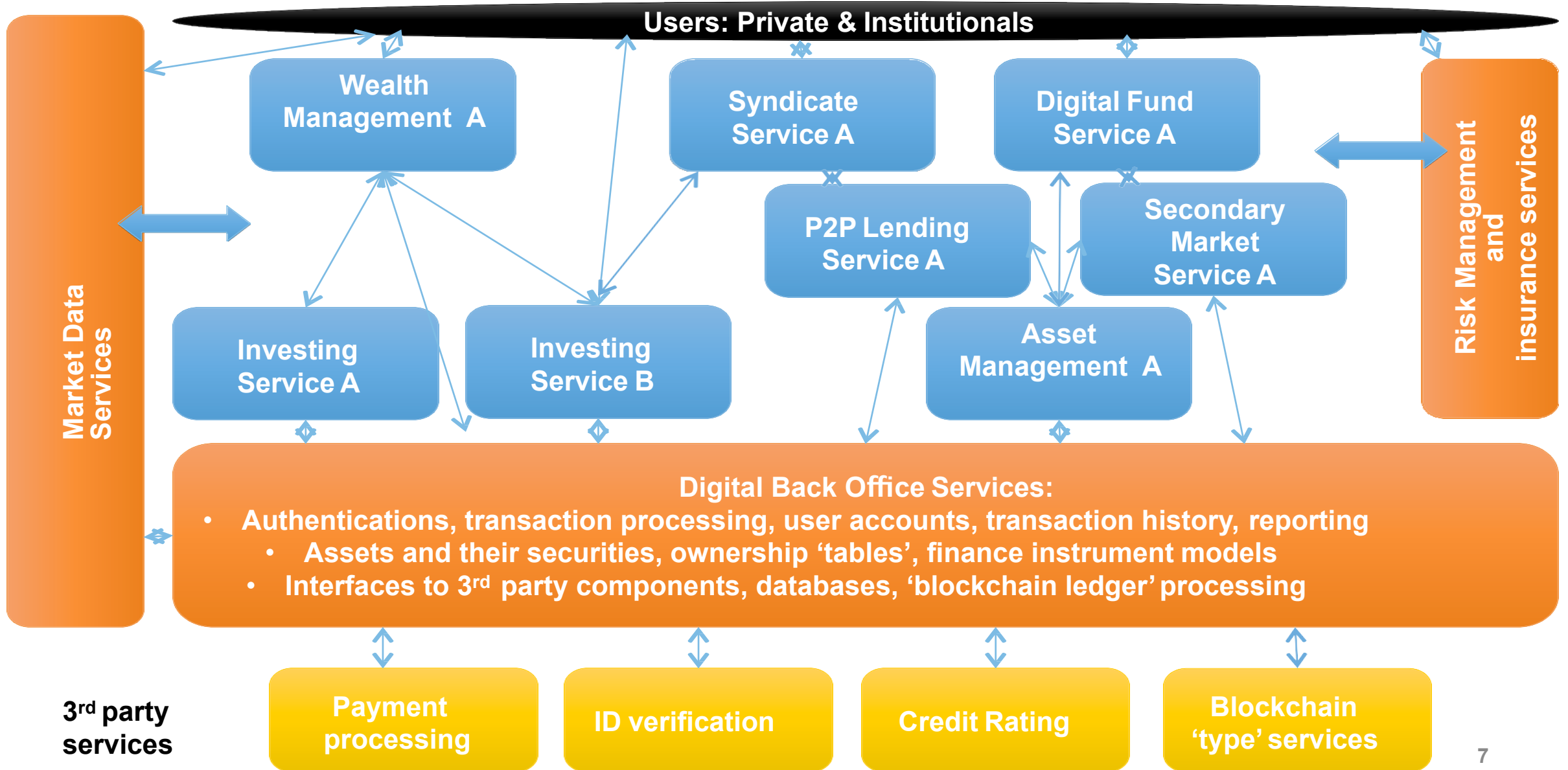
Source: Edelman Trust Barometer

The UK alternative finance market growth

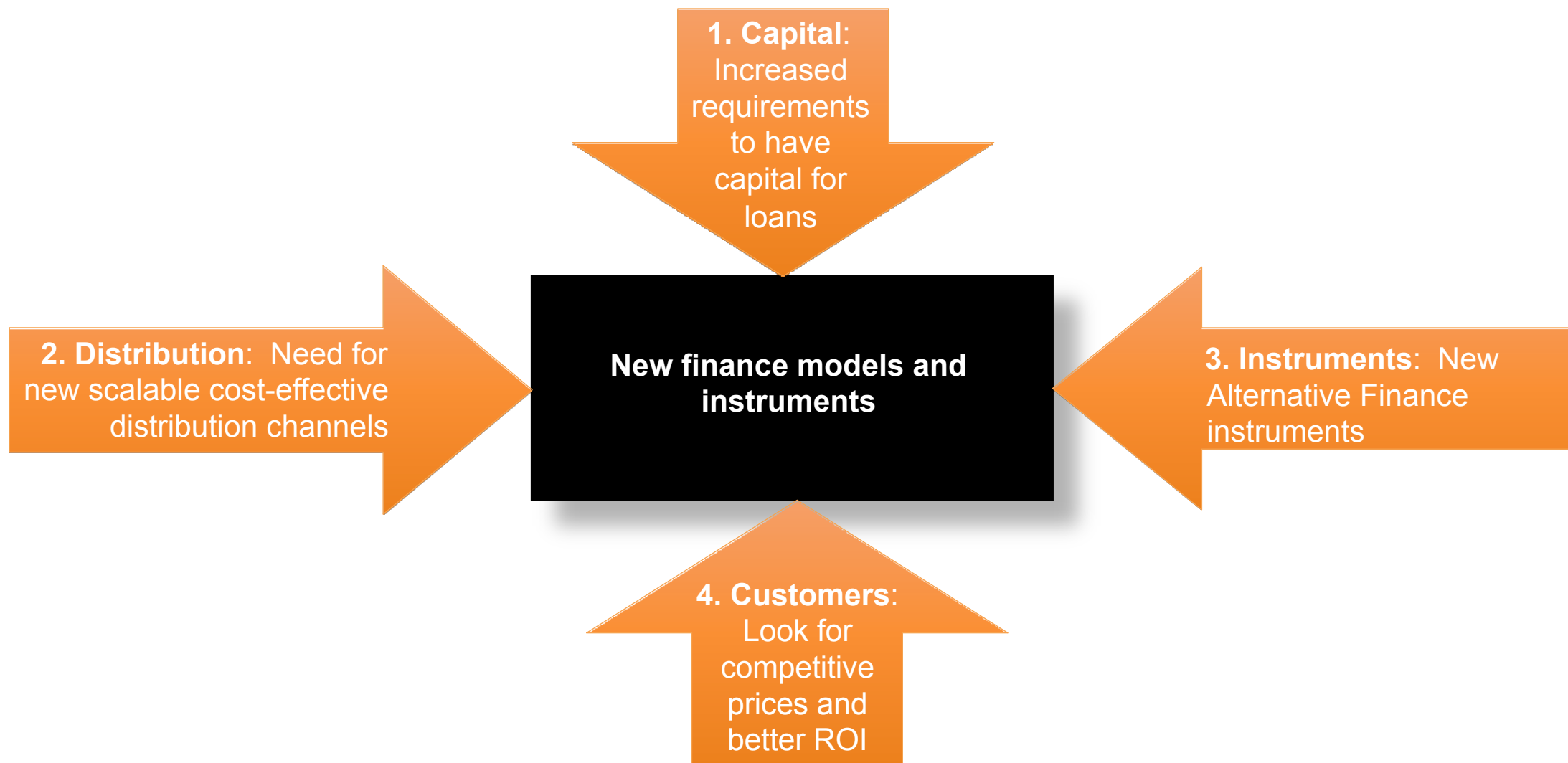


Source: University of Cambridge and EY: *The European Alternative Finance Benchmarking Report*

Emerging New API Ecosystems



Many Forces Drive Disruption



Hybrid Finance

Combine, Optimize, and Distribute

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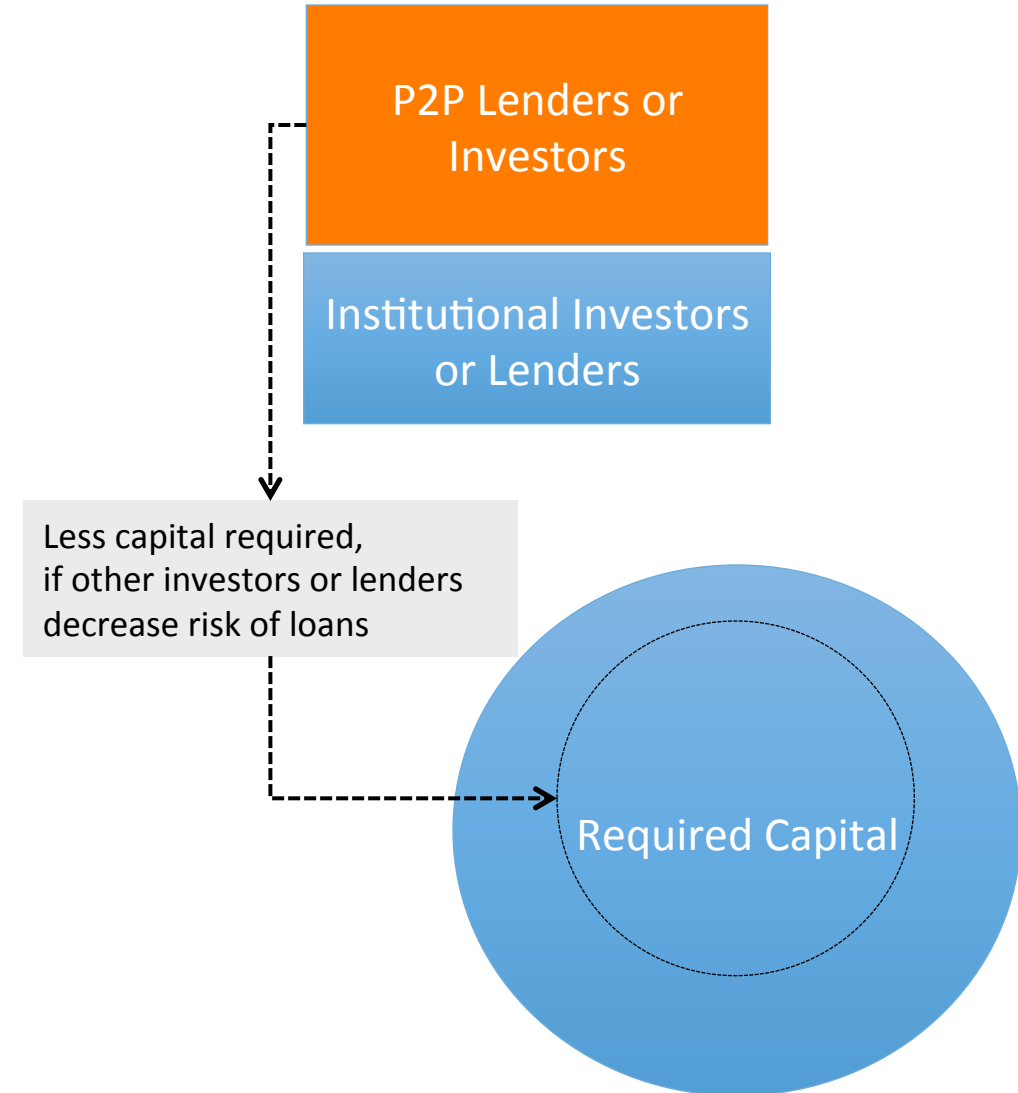
1. Better Capital Efficiency

Investors

- Combining equity and lending enables, for example, to
 1. Leverage equity investments
 2. Get collateral for loans
- Investors can use platforms to attract more co-investors and **syndicate** investments
- Participate in the **securitization** of p2p loans as an additional option to invest

Banks

- Banks have regulatory requirements (e.g. Basel II / III) to have a certain **capital ratio** for their risk-weighted assets
 - Even well profitable loans can tie so much capital that capital requirements make them to have sub par ROI
- Equity investors, other lenders, different lender seniority levels and use of equity or loan from p2p as a collateral helps manage the capital ratio
- Possible to develop instruments (funded through platforms) that can offset loan liability or in cases work as a **guarantee** for loans



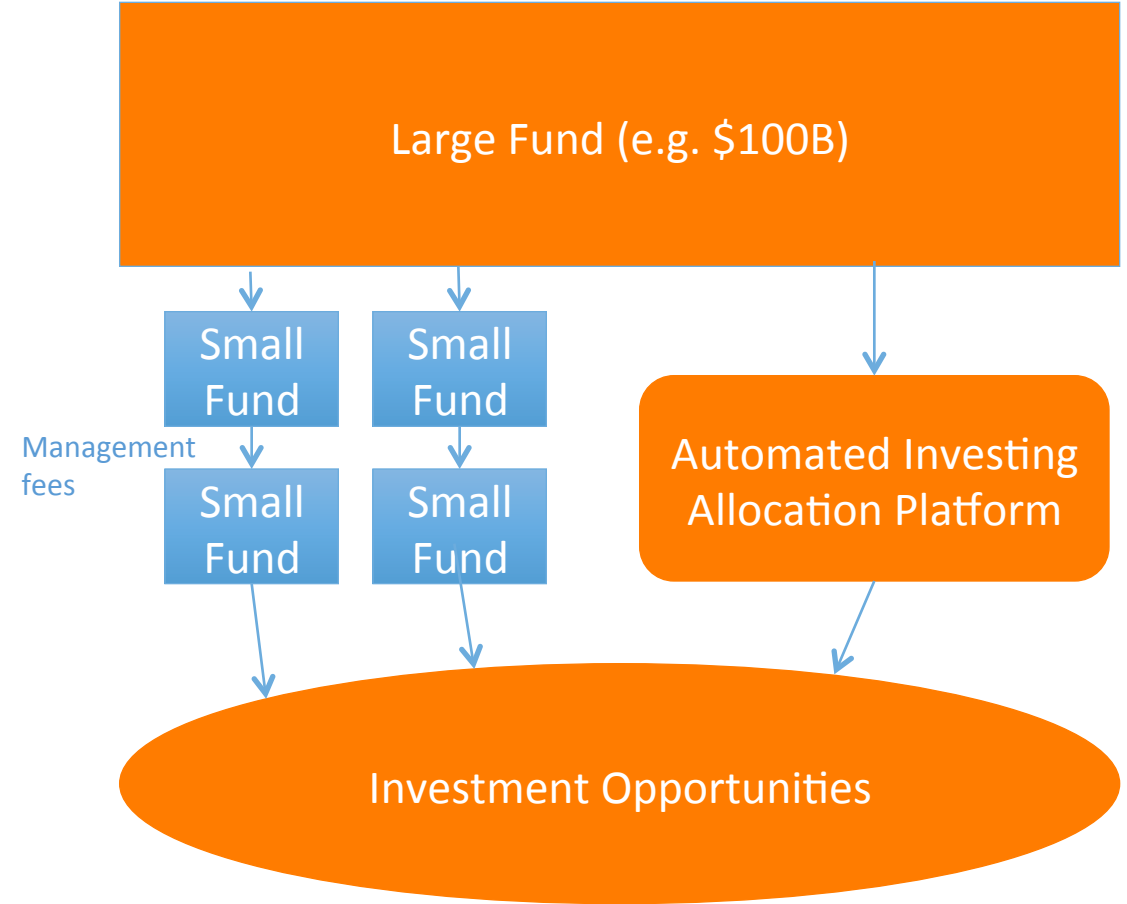
2. More Effective Distribution

Platform as a Customer Interface

- Investors and lenders can **operate in equity and lending platforms**
- Platforms take care of many needed processes like **customer acquisition, origination, KYC, Due Diligence, collection**
- Typically possible to choose a risk level
- **Open API** also enables to automate a part or all of this work
- Requires trust in platforms, and agreements and T&C that are in line by all parties

Automated Allocation to Smaller Ticket Size

- Pension funds and other large LP's cannot handle small investments (e.g. less than \$500M) in **a cost effective way**
- Funds to make smaller investments have significant management fees
- Technology **enables the automation** of smaller investments based on given criteria
- Hybrid models combine automated processes and professional work



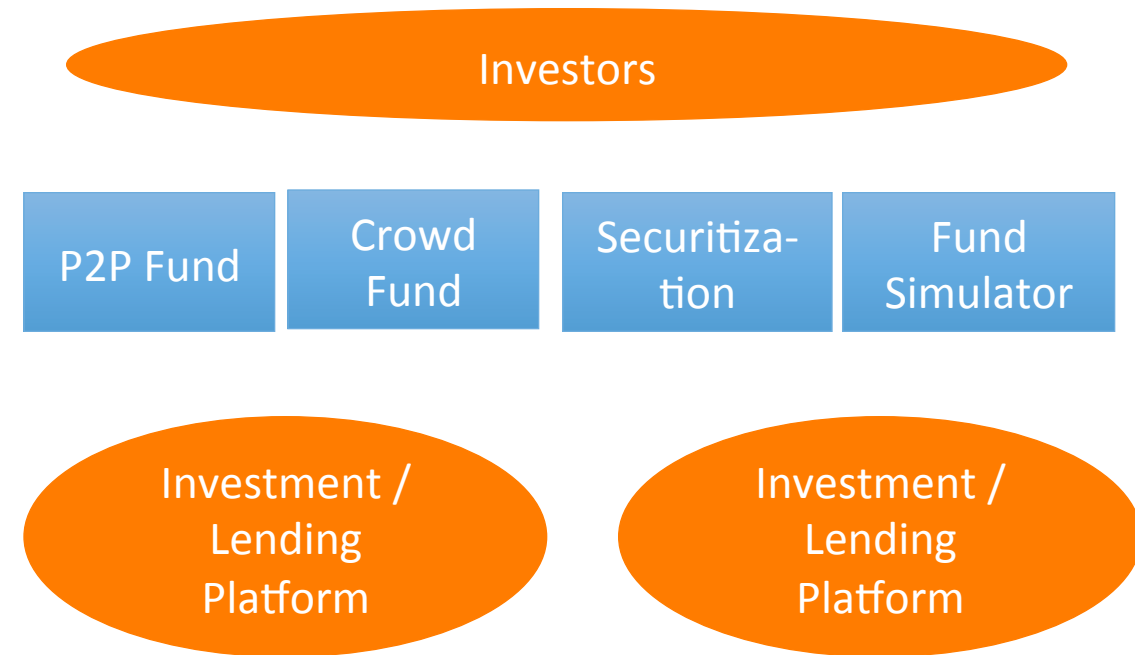
3. New Instruments for Investors

New Finance Instruments

- Alternative Finance offers **new attractive investment opportunities** and its **securitizations** make the market more liquid
- Instruments to invest and lend money in platforms
 - E.g. 'p2p trust' type instruments
- **Securitization** of online and p2p loans
- **Risk management** and guarantee instruments
- Work needed to find optimal regulatory and instrument models for these instruments (e.g. Open-Ended, Closed-Ended, ETF, or Evergreen fund)
- Crucial to have enough data from platforms and assets

Fund Simulators

- Technically implemented investment **services that work like funds**
- Investors can define their investment criteria, e.g.
 - Geographical, industry sector, and risk level
- No costs from traditional management work
- **Data and analytics** needed to enable these products



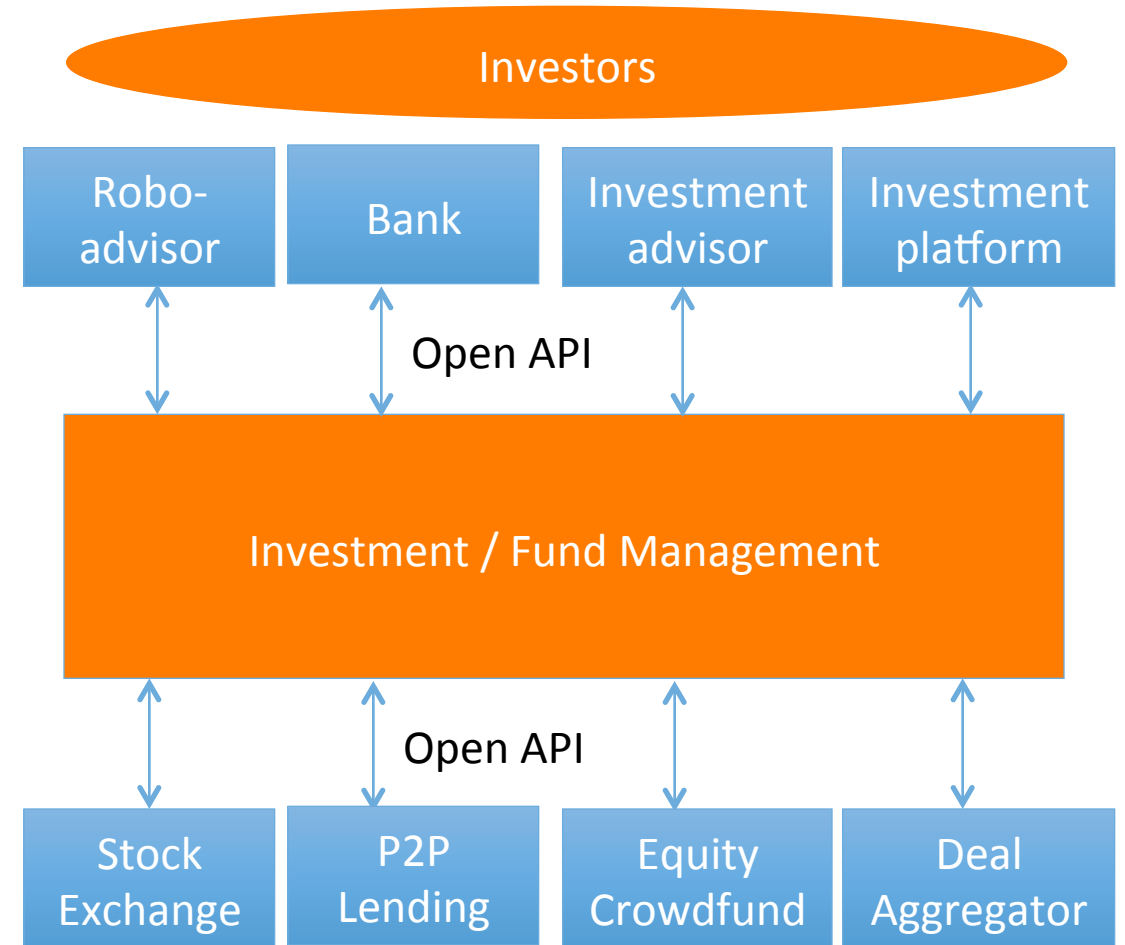
4. Customers Expect Better ROI and Prices

Enable Smaller Fees

- **Competition** in fund and wealth management business is more and more about **lower fees** and more scalable models
- More effective and automated **customer acquisition, investment processes and more scalable** investment models make it possible to cut fees
- **Data, Analytics and Artificial Intelligence** offer new solutions to manage and optimize investments and instruments
- **APIs** to cooperate with 3rd parties

Better ROI with Alternative Finance

- Alternative Finance, e.g. p2p loans, real estate and growth capital, offers new high return opportunities to funds and portfolios
- **More uncorrelated assets** and better diversification
- Need a scalable and cost effective solutions to invest in different assets
- APIs to invest in Alternative Finance platforms



What Enables All This?

1. Knowledge and Competence to Develop New Models

- Combination of finance, banking, technology, and data science competences
- Important to understand the API Ecosystem and innovate new business models
- More global knowledge and mindset are needed

2. Data

- Data enables institutional investors and banks to participate in the market
- Data is the key component to develop new instruments and service
- Advanced analytics and Artificial Intelligence (AI) enables new services and instruments

3. Technology

- Open API
- Ubiquitous back offices and middle ware for fundamental finance functions
- Agile models to develop new applications on an open API back office

4. New innovation models

- Building a new ecosystem, no one can do it alone
- Accelerate innovation and ecosystem with partnering and open interfaces

Summary

Digital and Alternative Finance are changing finance value chain and products

- More de-centralized models, e.g. based on API ecosystem and blockchain
- From service silos to more more seamless collected services

Four key areas: 1) Capital, 2) Distribution, 3) Instruments, and 4) Customers

- This is not only about technical, but it is one key driver to enable new services, business models, better efficiency, and new finance instrument
- Data is a key components for many new services
- Develop fast – test – improve

Accelerating innovation and competence development

- Open interfaces are needed to be fast enough and utilize ‘external resources’
- New comers need to build competence and work with right partners, incumbent must especially focus on culture and attitude change
- Digital economy is not just add technology or services, but adapt to a new business

Grow VC Group works in the core of these changes

- Competence, technology, data, global presence, and constant innovating

How can Grow VC Group companies help you to succeed in the digital era?

Crowd Valley

CROWD
VALLEY

1. **Digital back office** for online investing and lending
2. **Open API**
3. **Manage your investor network** with sophisticated and robust tools. Your standalone admin dashboard allows you to **monitor activity** on your client side application via the open API
4. **Know Your Client, ID Verification, Data Room, Payment Procedures**
5. Get to **market efficiently** with your online investing or lending application. Build your client-side application and focus on your end user experience
6. Leverage a **centralized back office**, with global third party integrated services, and let us deal with complex access controls, infrastructure and security protocols

DealIndex



1. Leading **data aggregator** from alternative finance market
2. Intelligent **deal and data dashboard** for the global digital investment market
3. Find **global private company opportunities** across platforms at a glance and **manage your portfolio** of private company investments
4. Enables you to make **informed investment decisions** backed by extensive analytics, data and research
5. Essential **tool to understand** the alternative finance market

How can Grow VC Group companies help you to succeed in the digital era?



Grow Advisors

- Digital finance professionals providing advisory, project management, workshops, personnel training



TradeUp Capital Fund

- The leading digital U.S. export finance service to raise capital for globalizing company and invest in high-growth, export-driven companies



Crowdcitee

- Asia and Europe based crowd investing platform specialized in access to real estate assets and promoting diversification through investing globally



P2P Safety

- Finance, hedging and risk management instruments for digital finance to make online investing and lending easier and safer



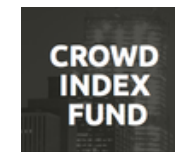
Kapipal

- The most global donation and reward crowdfunding platform that allows people to fund personal causes and life-events



Startup Commons

- Enabling governments to connect, manage and benchmark Startup ecosystems, accelerate innovation, entrepreneurship and to attract Foreign Investments



Crowd Index Fund

- A new way to create a fund with crowd investing and p2p lending for investors that want to participate with the crowd by investing like in a fund



Commoditarian

- The ultimate trading platform for real, physical commodities, conveniently delivered or stored in insured vaults around the world

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