

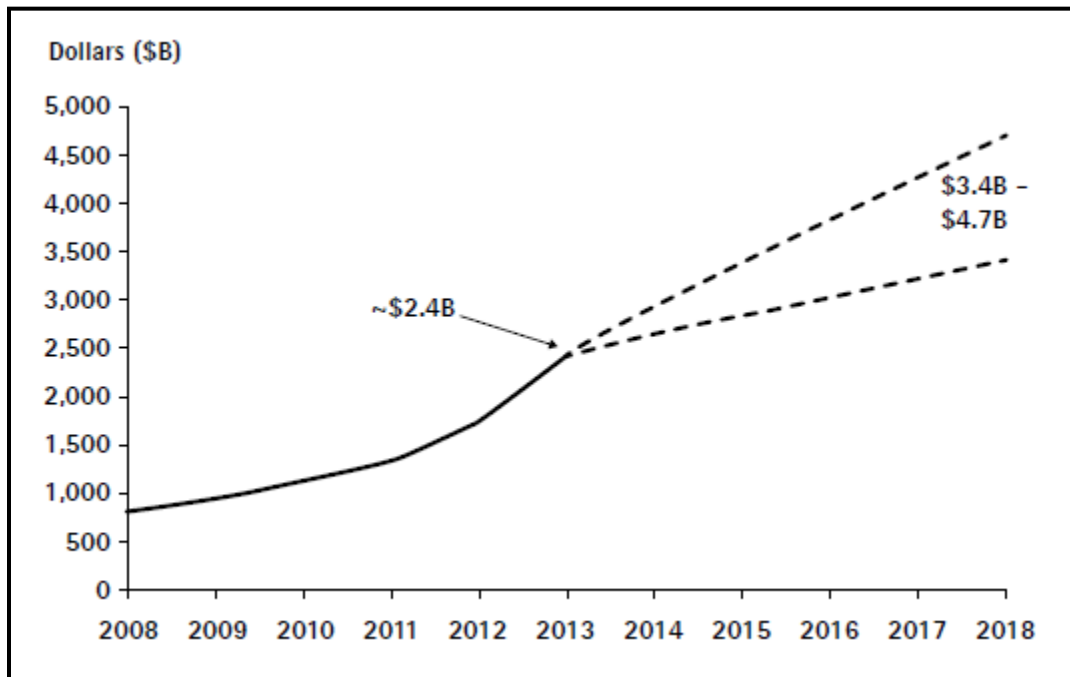


FinTech - Deal Term and Financings Overview

Featuring: IEX Group, Motif Investing & Wealthfront

Introduction

With the passing of certain regulations, technological advancements and an increasing amount of money being poured into Fintech companies, there is no denying that the Financial Technology sector is on the rise. As the companies start maturing and certain outliers build credibility with big raises the investors will continue to flock. Accenture reported forecasts somewhere between \$2.5-\$3B in investments into the US Fintech Sector in 2014 (see chart below). In this report VC Experts provides more transparency to the private market by analyzing Investment Trends, Round & Deal Term Statistics, and a granular look at three Fintech Companies that could disrupt the market.



Source: Accenture – The Rise of Fintech

Investment Trends

Average Amount Invested:

- 2011: Series A at \$6mm
- 2014: Series A at \$8.1mm
- 2011: Series B at \$15mm
- 2014: Series B at \$24.5mm
- 2011 Series C at \$19.9mm
- 2014: Series C at \$40.6mm

2014 Series D Raise:

Domo \$125M
Social Finance \$80

2014 Series E or > Raise:

Lending Club \$90M
Wealthfront \$64M

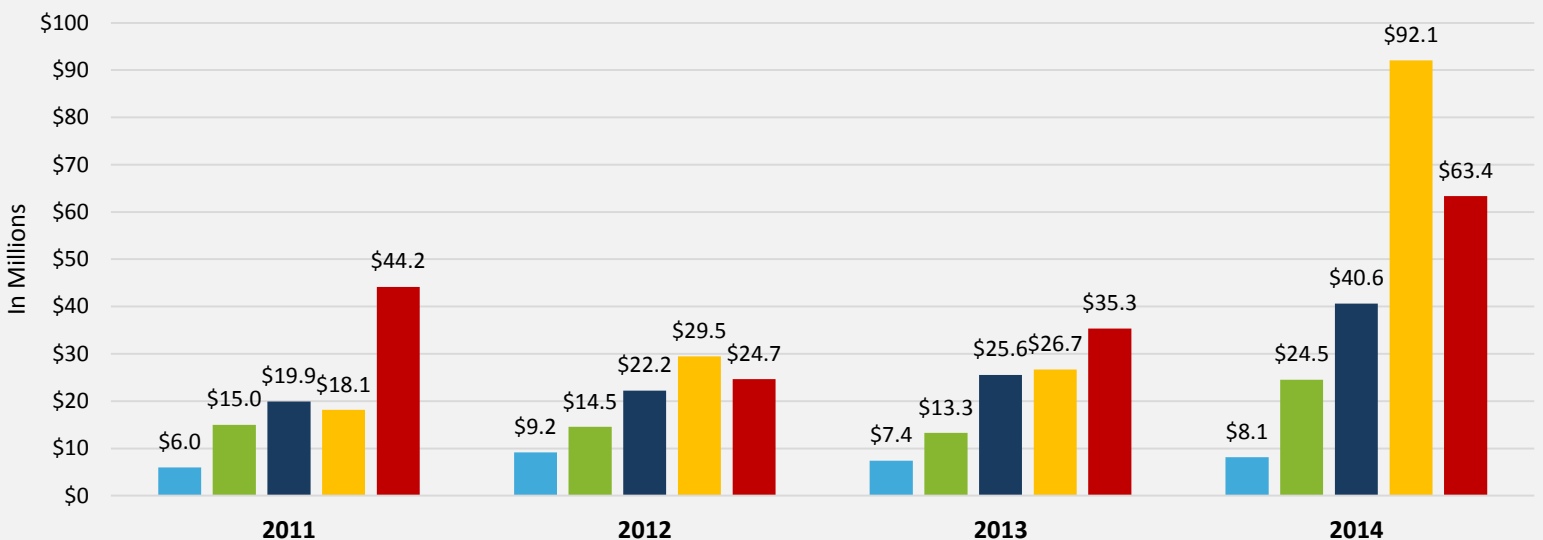
Perhaps the most interesting is the equity needs for the Series D, E or greater being over 100%. In fact, the Average Investment for companies raising a Series D and Series E round in 2011 was \$62.3mm and in 2014 it was \$155.5mm.

The data shows that Fintech is becoming a more mature, capital intensive industry. Companies are staying private longer and taking in more strategic capital. Therefore, pointing to a maturation in the market and a potential for a swath of new IPOs in the next 2-3 years.

VC Experts has shown that while there are a few outliers (left), investor confidence in the sector is a function of the market becoming more mature.

Average Investment by Round

Series A Series B Series C Series D Series E or >



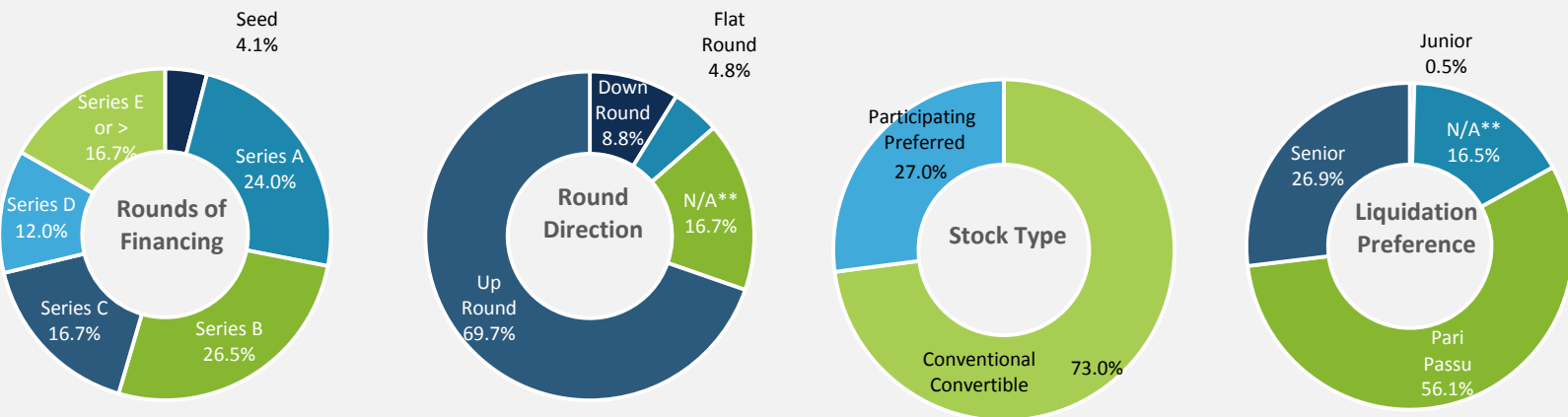
Round & Deal Term Statistics

Overall statistics of the deal terms for both the Technology and Financial Services Industries are consistent. There are fewer participating preferred structures versus conventional convertible terms. Up rounds continue to dominate over down and flat rounds. Having more company friendly terms shows strength in the sector.

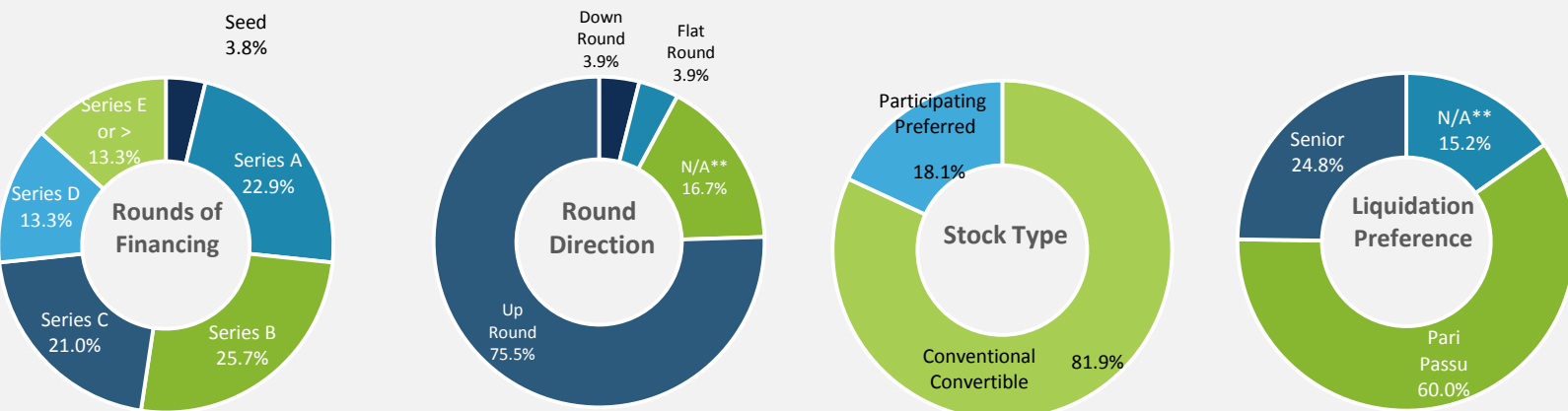
Company Friendly Indicators:

- Convertible Preferred vs. Participating Preferred
 - 82% for Fintech Companies
 - 73% for all Software Technology Companies
- Up Rounds vs. Down Rounds
 - 76% for Fintech Companies
 - 69% for all of Software Technology Companies

Technology Industry Q1 2013 - Q2 2014 :



Financial Services Industry Q1 2013 - Q2 2014:



**Why are some results marked as N/A?

If N/A was used as indication for the "Round Direction" and/or the "Liquidation Preference for the Current Round", then this was due to there not being a previous round of financing for that particular company. If N/A was used for the "Type of Preferred Stock", then the preferred stock was not a "Conventional Convertible" or a "Participating Preferred"

Investing on the rise for Fintech

Not only has there been a rise in financial investments for Fintech companies there has also been a rise of strategic investors. VC Experts has pulled data on the following Fintech companies: IEX Group, Wealthfront and Motif Investing (granular profiles on the next three pages).

IEX Group Investors

- Telecommunications Development Fund
- Spark Capital
- Spark Capital Partners LLC
- MassMutual Ventures LLC
- TDF Ventures
- Franklin Resources, Inc.
- Cleveland Capital Management
- Bain Capital Venture Partners, LLC.

2012 PPS: \$4.00
(raising \$730K Series A)

2014 PPS: \$34.00
(raising \$75mm Series C)

Spark Capital is involved with both IEX and Wealthfront. IEX is a "young" company founded in 2012, currently they have a total raise close to \$100 MM with \$75 MM coming in a Series C round in Sept 2014.

Wealthfront has been around since 2007, and they could be on a "Pre-IPO" list. Wealthfront has raised \$100+ MM, with approximately \$89 MM coming in this year in their E & F rounds. The \$64 MM F round was in October 2014 with a price more than 2X the \$35 MM E round in April 2014.

Wealthfront Investors

- Duff Ackerman & Goodrich LLC
- Greylock Partners LLC
- Index Ventures
- Spark Capital
- Social+Capital Partnership
- Ribbit Capital LP
- Dragoneer Investment Group
- Mohr Davidow Ventures
- Andreessen Horowitz LLC

2009 PPS: \$1.27
(raising \$7.5mm Series C)

2014 PPS: \$8.21
(raising \$35mm Series E)

Motif Investing Investors

- Norwest Venture Partners
- Ignition Partners
- Goldman Sachs & Co
- Foundation Capital
- Wicklow Capital Inc
- JPMorgon Chase
- Balderton Capital

2011 Valuation: \$72.1 MM
(raising \$20mm Series B)

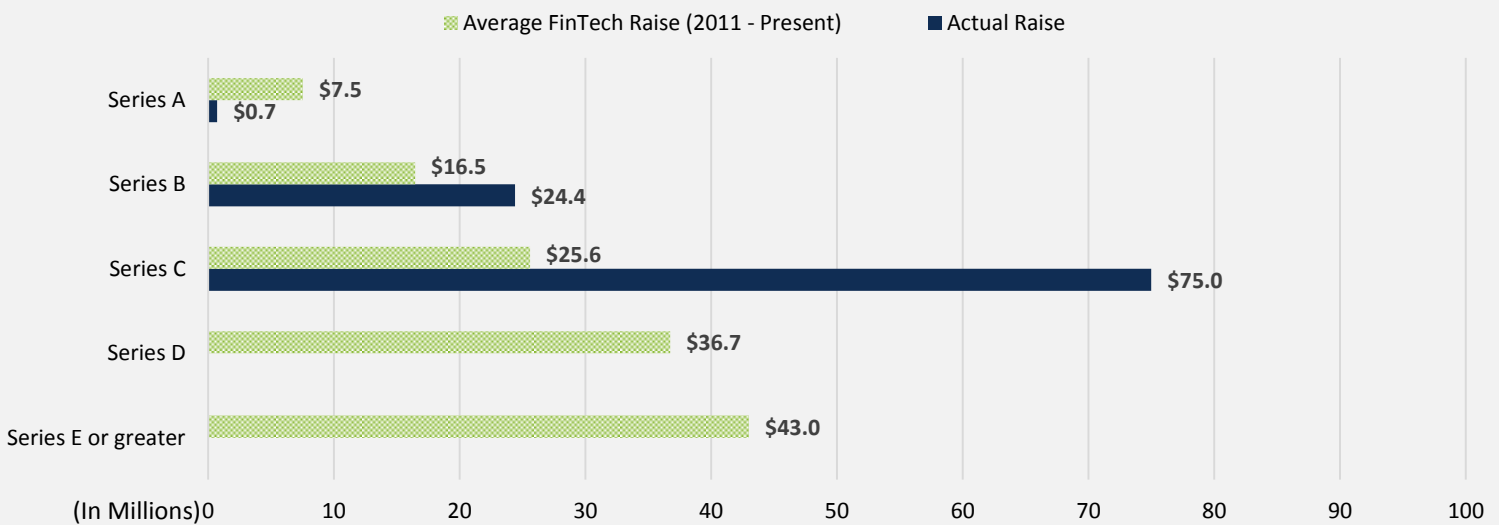
2014 Valuation: \$243.6 MM
(raising \$35 mm Series D)

Motif Investing has been around since 2010. They have raised close to \$85 MM with \$35 MM coming in a Series D round in April 2014. Andreessen Horowitz was an investor in Motif Investing as well as Wealthfront.

IEX Group, Inc

IEX is the first equity trading venue owned exclusively by a consortium of buy-side investors, including mutual funds, hedge funds, and family offices. Dedicated to institutionalizing fairness in the markets, IEX will provide a more balanced marketplace via simplified market structure design and cutting-edge technology. IEX offers a fair-access platform to any qualified broker dealer. IEX is driven by a team of cross-industry experts with backgrounds spanning market venues, electronic trading, and broker-dealers.

IEX Group, Inc

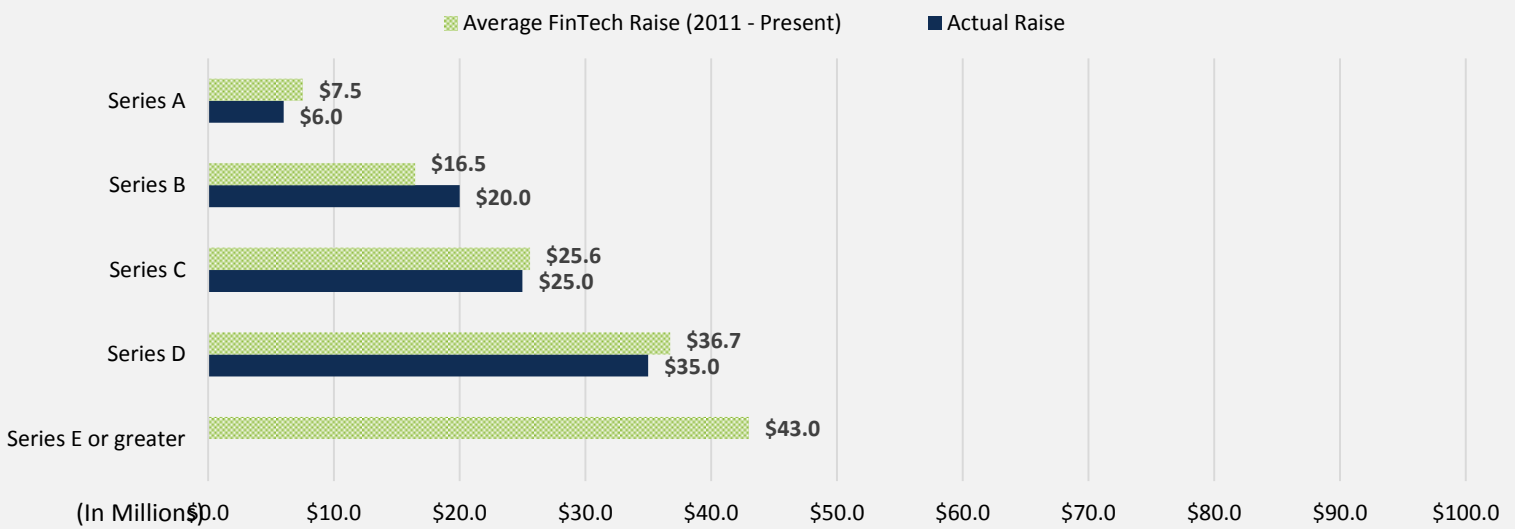


Round	Series A	Series B	Series C
Investment Date	2012-07-11	2012-12-27	2014-09-05
Investment Amount	\$0.73	\$24.40	\$75.00
Direction	Not Applicable	Up Round	Up Round
Liq. Pref.	Not Applicable	Senior	Pari Passu
Liq. Multiple	0 - 1x	0 - 1x	0 - 1x
Stock Type	Conventional Convertible	Conventional Convertible	Conventional Convertible
Capped Participation	No	No	No
Anti-Dilution	Weighted Average	Weighted Average	Weighted Average
Redemption	No	No	No
Cumulative Dividends	No	No	No
Pay to Play	No	No	No
Reorganization	No	No	No
Preferred PPS	\$4.000	\$10.000	\$34.000

Motif Investing, Inc

FKA: FundDNA, Inc. and FKA: Motif Financial, Inc., Motif Investing Inc is a United States-based company, which operates as an online investment broker. The Company has developed a platform that allows individuals to invest in stock portfolios based around everyday ideas and share those ideas with friends. It enables customers to invest in ideas. The Company's Social Network is a platform where Motif members share and discuss investing ideas. It is a registered broker-dealer and a Member of FINRA.

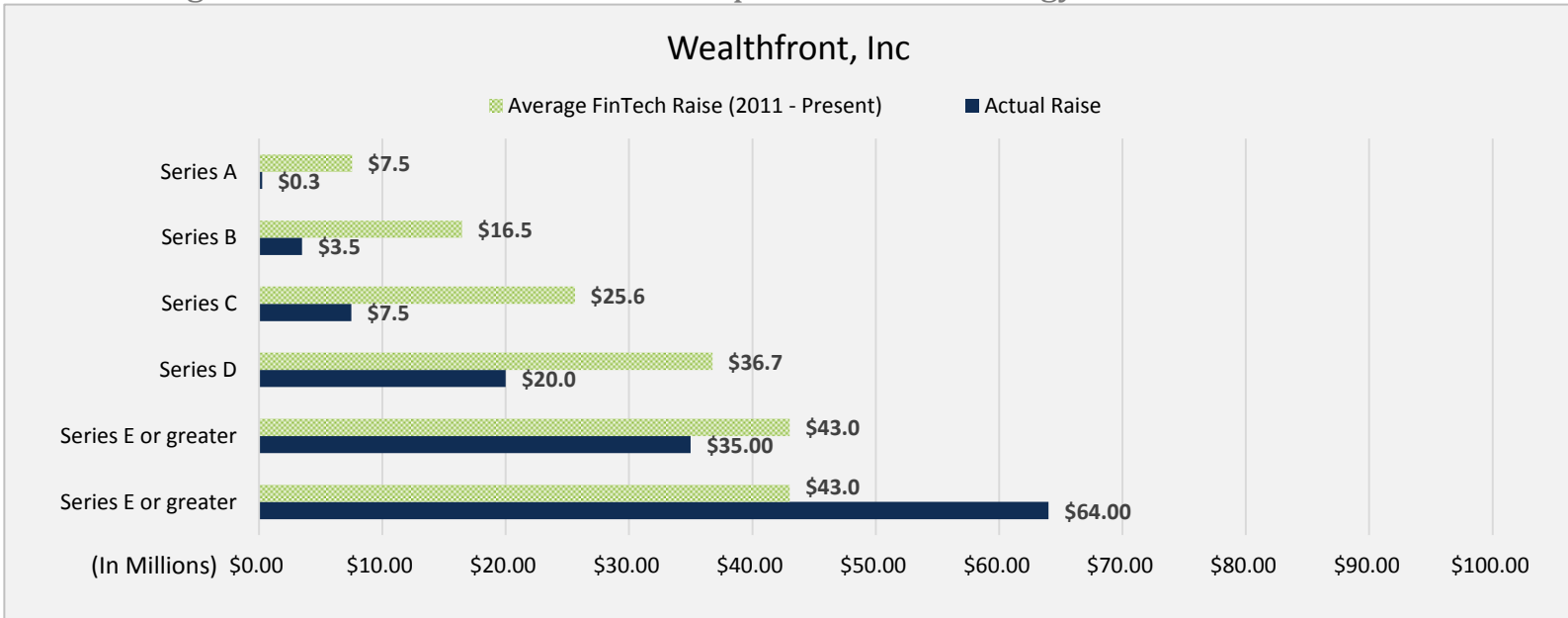
Motif Investing, Inc



Round	Series A	Series B	Series C	Series D
Investment Date	2010-10-31	2011-07-25	2013-03-28	2014-04-15
Investment Amount	\$6.00	\$20.00	\$25.00	\$35.00
Direction	Not Applicable	Up Round	Up Round	Up Round
Liq. Pref.	Not Applicable	Pari Passu	Pari Passu	Pari Passu
Liq. Multiple	0 - 1x	0 - 1x	0 - 1x	0 - 1x
Stock Type	Conventional Convertible	Conventional Convertible	Conventional Convertible	Conventional Convertible
Capped Participation	No	No	No	No
Anti-Dilution	Weighted Average	Weighted Average	Weighted Average	Weighted Average
Redemption	No	No	No	No
Cumulative Dividends	No	No	No	No
Pay to Play	No	No	No	No
Reorganization	No	No	No	No
Preferred PPS	\$0.592	\$2.227	\$2.590	\$4.680

Wealthfront, Inc

FKA: MAJ I, Inc. and FKA: Kaching Group, Inc., the company provides a service that allows investors to gain access to the best investing talent, and mirror the trades of "kaChing Geniuses". They manage a diversified, continually rebalanced portfolio of index funds on your behalf at a very low cost and in an extremely tax efficient manner. Their unique service is made possible by combining a team of world-class financial experts with technology.



Round	Series A	Series B	Series C	Series D	Series E or greater	Series E or greater
Investment Date	2007-04-06	2008-06-20	2009-12-16	2013-03-20	2014-03-31	2014-10-28
Investment Amount	\$0.25	\$3.50	\$7.50	\$20.00	\$35.00	\$64.00
Direction	Not Applicable	Up Round	Up Round	Up Round	Up Round	Up Round
Liq. Pref.	Not Applicable	Pari Passu	Pari Passu	Pari Passu	Pari Passu	Pari Passu
Liq. Multiple	0 - 1x	0 - 1x	0 - 1x	0 - 1x	0 - 1x	0 - 1x
Stock Type	Conventional Convertible	Conventional Convertible	Conventional Convertible	Conventional Convertible	Conventional Convertible	Conventional Convertible
Capped Participation	No	No	No	No	No	No
Anti-Dilution	Weighted Average	Weighted Average	Weighted Average	Weighted Average	Weighted Average	Weighted Average
Redemption	No	No	No	No	No	No
Cumulative Dividends	No	No	No	No	No	No
Pay to Play	No	No	No	No	No	No
Reorganization	No	No	No	No	No	No
Preferred PPS	\$0.111	\$0.387	\$1.270	\$1.357	\$3.986	\$8.210

Conclusion

VC Experts has shown that Fintech is becoming a more mature market, companies are staying in the Private market longer, requiring more rounds and larger raises. There are a few outliers as to size of investment, and there is a continuation of more firms investing in the Fintech space. Wealthfront, IEX and Motif are just a few players in the industry. With forecasts somewhere between \$2.5-\$3B in investments into the US Fintech Sector for 2014, we will continue to see newcomers as well as older companies keep raising with greater IPO probabilities.

VC Experts recently put together a Pre-IPO Report, analyzing a few companies that could be making headlines in the coming year. You can download the report from our [Report Center](#).

Methodology

We put companies on our radar and begin to watch them for certain indicators:

- 1) An established private company (older than 3 years)
- 2) A recent raise that is proportionally higher than their previous raises
- 3) Total funding of over \$100M

Those are the initial indicators; once the company is on our radar we begin to analyze the discount between the common & preferred pricing. If that discount begins to decrease (sometimes substantially), this indicates that the company is setting up for some type of event. This is when (historically) we've seen companies file their S1.

Here are the some of companies currently on our Pre-IPO list:

- Lookout – Software Telecom
- Inrix- Software
- Appnexus- Software, IT Services
- Thumbtack - Software, IT Services
- The Honest Company - Consumer Products & Services
- Infusion Software - Software
- VeraCode - Software
- DocuSign - Software



Our reputation hinges on our ability to provide verified data and content on the Private Market Financing Industry. We do this through a team of experienced specialists adept at uncovering and analyzing even the most unusual financing structures. This approach allows us to deliver accurate data that empowers a level of transparency in the Private Market Industry that is highly sought after.

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