



Venture Capital 2.0 in Singapore: **a crowdfunding-based venture capital firm for accredited investors and start-ups in SEA**

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GLOBAL
NETWORK
FOR
ADVANCED
MANAGEMENT

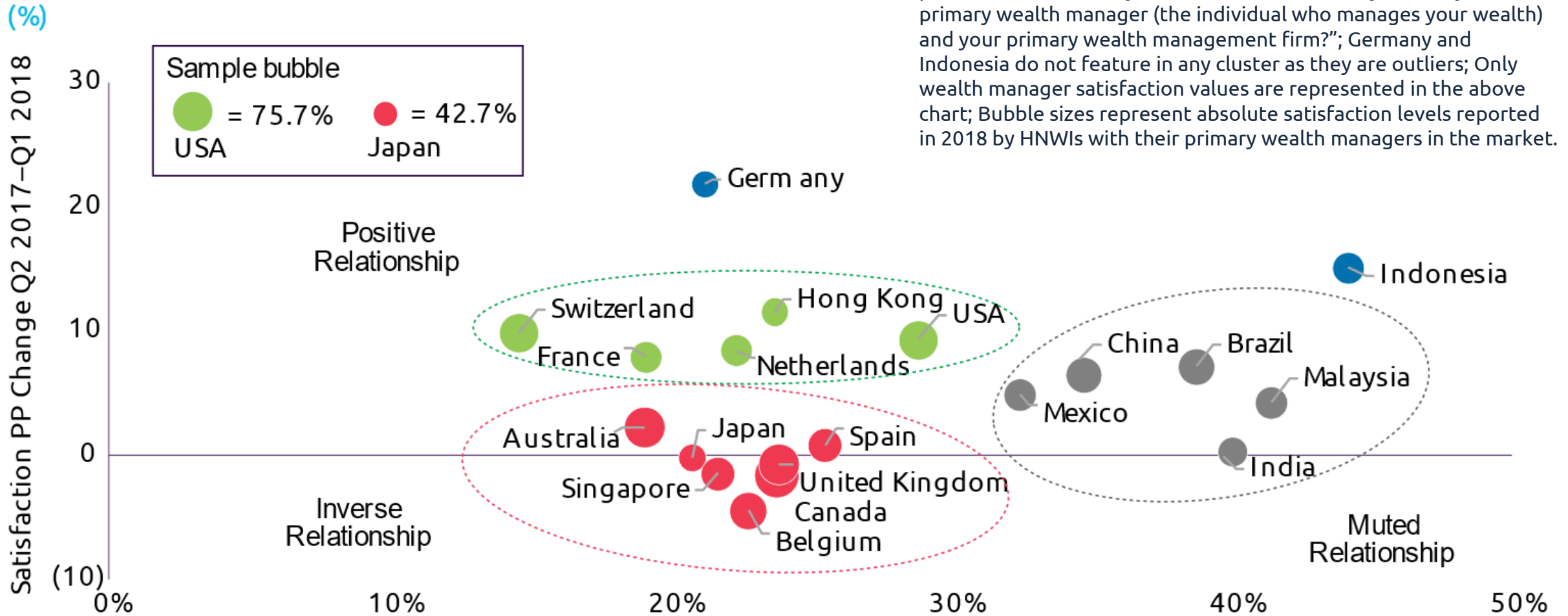




Problem – HNWIs are unhappy with their wealth managers



Question asked: “Thinking about the financial assets that you have invested with wealth management firms, roughly how did they perform last calendar year?”; “How satisfied are you with your primary wealth manager (the individual who manages your wealth) and your primary wealth management firm?”; Germany and Indonesia do not feature in any cluster as they are outliers; Only wealth manager satisfaction values are represented in the above chart; Bubble sizes represent absolute satisfaction levels reported in 2018 by HNWIs with their primary wealth managers in the market.



Average Investment Performance Q1 2016–Q4 2017

HNWIs are defined as those having investable assets of US\$1 million or more, excluding primary residence, collectibles, consumables, and consumer durables.

Source: World Wealth Report 2018 / Capgemini



Problem – HNWIs are unhappy with their wealth managers



Main Issues:

Fee Structure

- Low value delivered
- Low transparency
- Unexpected Charges
- High fees
- Poor service Quality

Personalization Needs

- Ineffective hybrid services offered

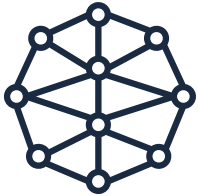
Holistic Services

- Many firms raised minimum investable asset requirements to US\$5 million, leaving a large client base unserved and causing friction with the HNWIs

Issue	Issue Description	Magnitude	Evidence in Asia-Pacific (excl. Japan)
Fee Structure	<ul style="list-style-type: none"> • Low value delivered • Low transparency • Unexpected charges • High fees • Poor service quality 		<ul style="list-style-type: none"> • In Q2 2017, fee comfort was muted with only 57.4% of Asia-Pacific (excl. Japan) HNWIs saying they were comfortable with the fees they pay • The primary concerns related to fees charged were: <ul style="list-style-type: none"> – 13.3% of HNWIs were concerned with fees charged – 24.4% of HNWIs mentioned fee transparency as their top concern – 19.6% cited value delivered as their primary concern – 14.5% of HNWIs mentioned unexpected charges as a top concern
Personalization Needs	<ul style="list-style-type: none"> • Ineffective hybrid services offered 		<ul style="list-style-type: none"> • Hybrid-advice satisfaction declined by 4.8 PP to 65.8% in Q1 2018 compared with Q2 2017
Connection with Wealth Manager	<ul style="list-style-type: none"> • Low personal connection between the HNWIs and wealth manager 		<ul style="list-style-type: none"> • As of Q1 2018, 34.8% of HNWIs said they do not connect “very well” with their wealth managers
Holistic Services	<ul style="list-style-type: none"> • Inability of wealth management firms to provide HNWIs a one-stop resource for wealth management services 		<ul style="list-style-type: none"> • Per our Q1 2016 survey, along with investment management, HNWIs seek value-added services, including: <ul style="list-style-type: none"> – Financial planning: 21.1% – Retirement solutions: 10.6% – Tax and legal advice: 7.3% • Many firms have raised clients’ minimum investable asset requirement to US\$5 million, leaving a large client base unserved and causing friction with the HNWIs
Other factors such as staff turnover, regulatory compliance, cybersecurity threats, and ineffective digital infrastructure affect firms’ service capabilities and can drive down HNW client satisfaction.			



Solution – WeFund: a crowdfunding-based venture capital firm



Crowdfunding

Low credibility
Few high-quality start-ups
Misaligned interests with investors
Misaligned interests with founders
Lightly regulated
Commission-based fee for founders

Professional VC Team

Low interest in individuals
Low transparency for LPs
Slow funding process for founders

VC 2.0: WeFund

We serve the underserved HNWIs
We do research like traditional VC
We co-fund with HNWIs
We advise founders
We represent investors to sit on the cap table and the board
We charge investors for management fee and carry



Solution – WeFund: a crowdfunding-based venture capital firm



1
Sourcing



2
Screening



3
Due Diligence



4
Deal Flow



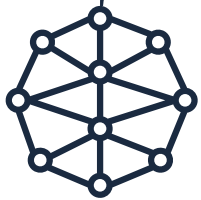
5
Publishing



6
Fundraising



7
Distribution



Crowdfunding



Professional VC Team



VC 2.0: WeFund



Market: HNWI's



The population of HNWI's in Singapore increased by 11.5% in 2017, while wealth increased by 12.8%.

122.4K

HNWI's in Singapore

\$633.4 US\$ Billion

HNWI Wealth in Singapore

\$5.17 US\$ Million

Avg. Wealth in Singapore

6,175.4K

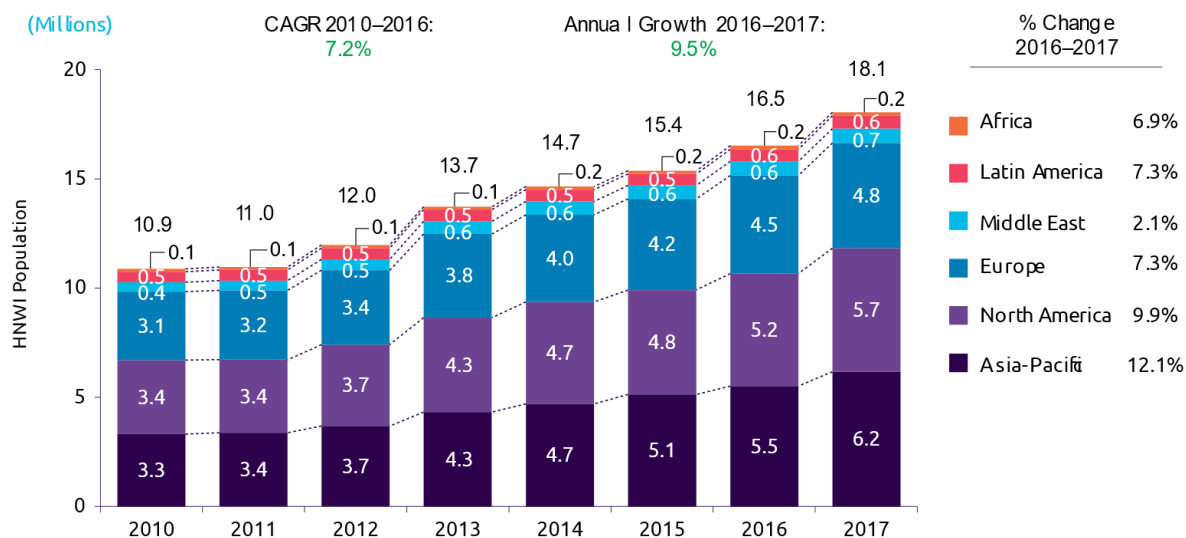
HNWI's in Asia-Pacific

\$21,592.4 US\$ Billion

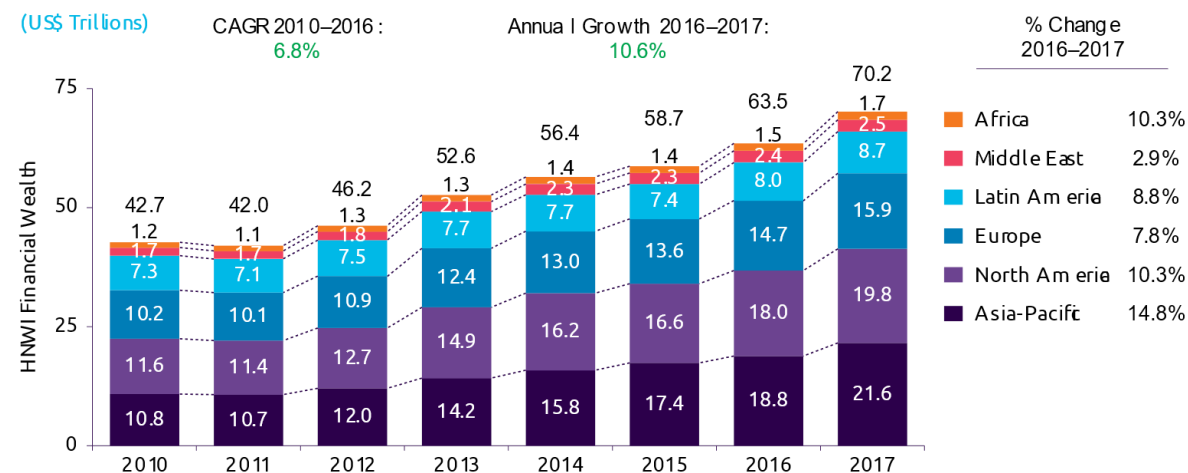
HNWI Wealth in Asia-Pacific

\$3.50 US\$ Million

Avg. Wealth in Asia-Pacific



HNWI Population, 2010–2017 (by Region)



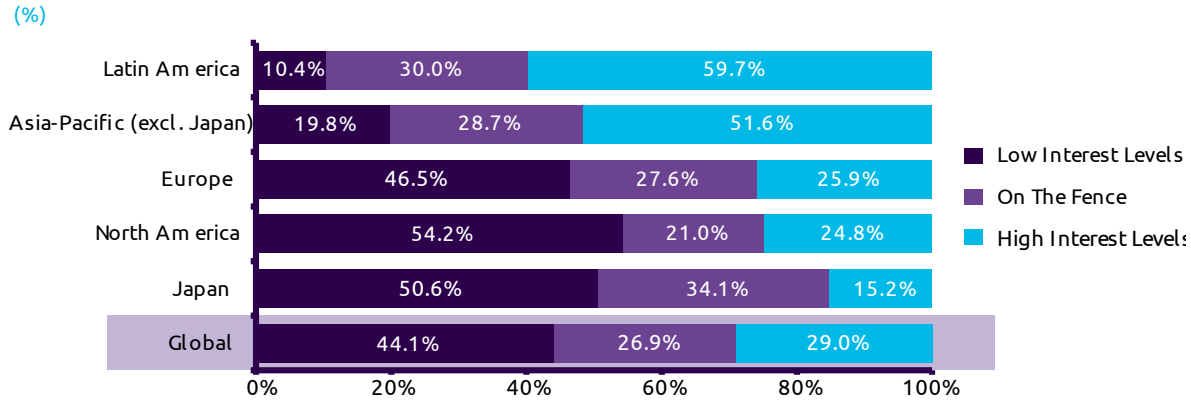
HNWI Financial Wealth, 2010–2017 (by Region)



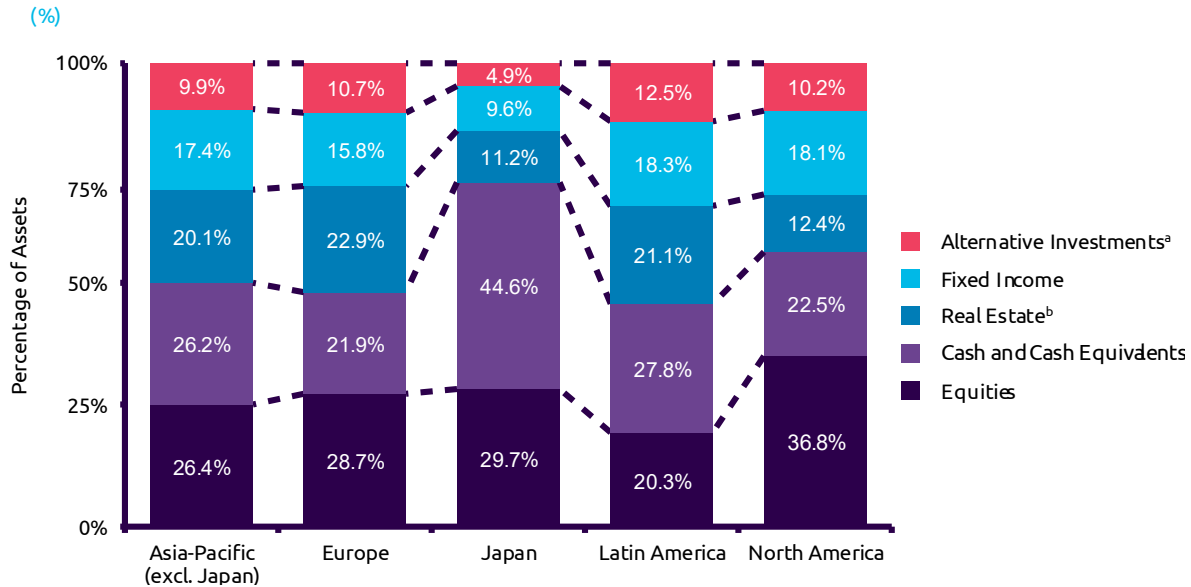
Market: HNWI



The HNWIs in Asia-Pacific have risk-taking profiles



HNWI Interest in Purchasing/Holding Cryptocurrencies, Q1 2018 (Global and Regions)



Breakdown of HNWI Financial Assets, Q1 2018 (by Region)

Source: World Wealth Report 2018 / Capgemini

\$633.4 US\$ Billion
 HNWI Wealth in Singapore
\$21,592.4 US\$ Billion
 HNWI Wealth in Asia-Pacific

Total Addressable Market (Singapore)

$$\$633.4 \text{ US\$ Billion} * 26.4\% * 20\%^{[1]} * 2\%^{[2]}$$

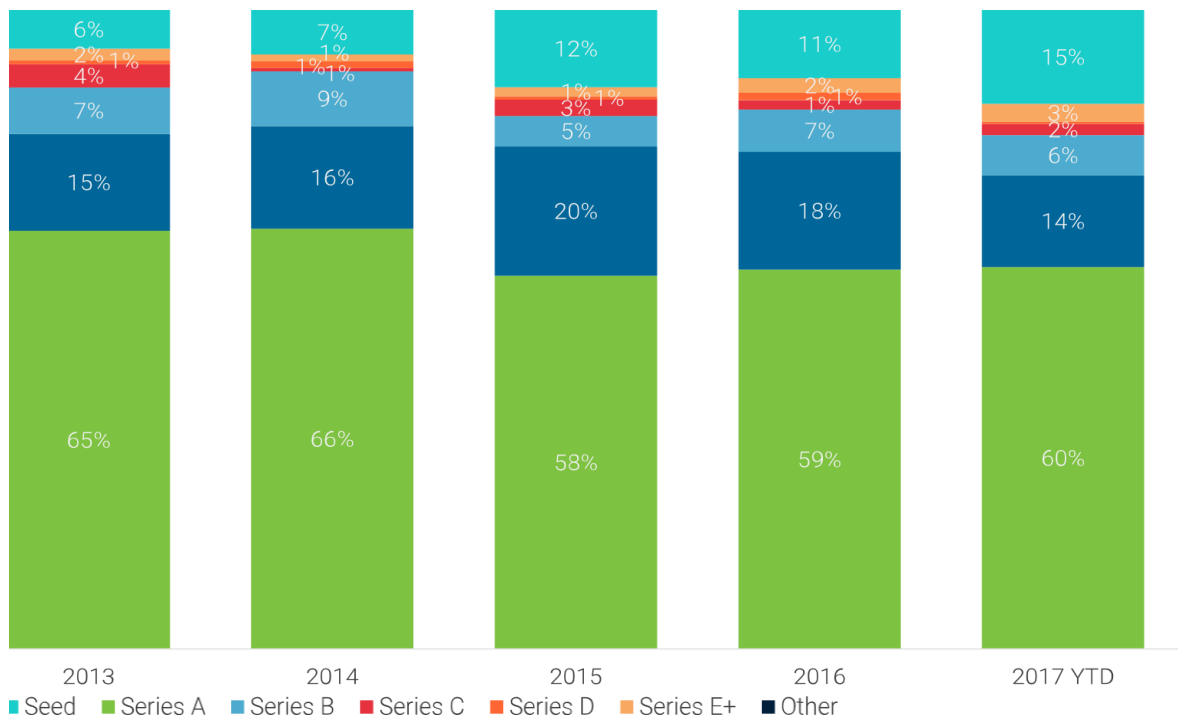
= \$668.87 US\$ Million

[1] Given the risk-taking strategies used by Asia-Pacific HNWIs, we assume the HNWIs are willing to allocate 20% of their equity investments into start-ups for portfolio diversification purpose

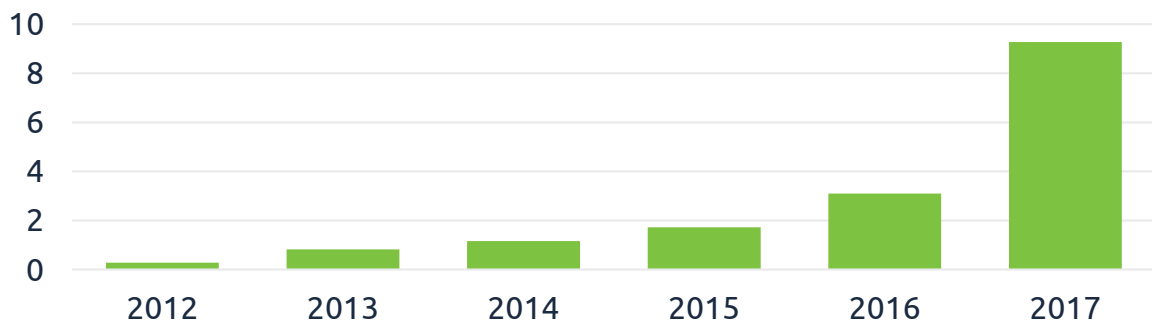
[2] We assume WeFund will charge 2% annual management fee



Market: Start-ups

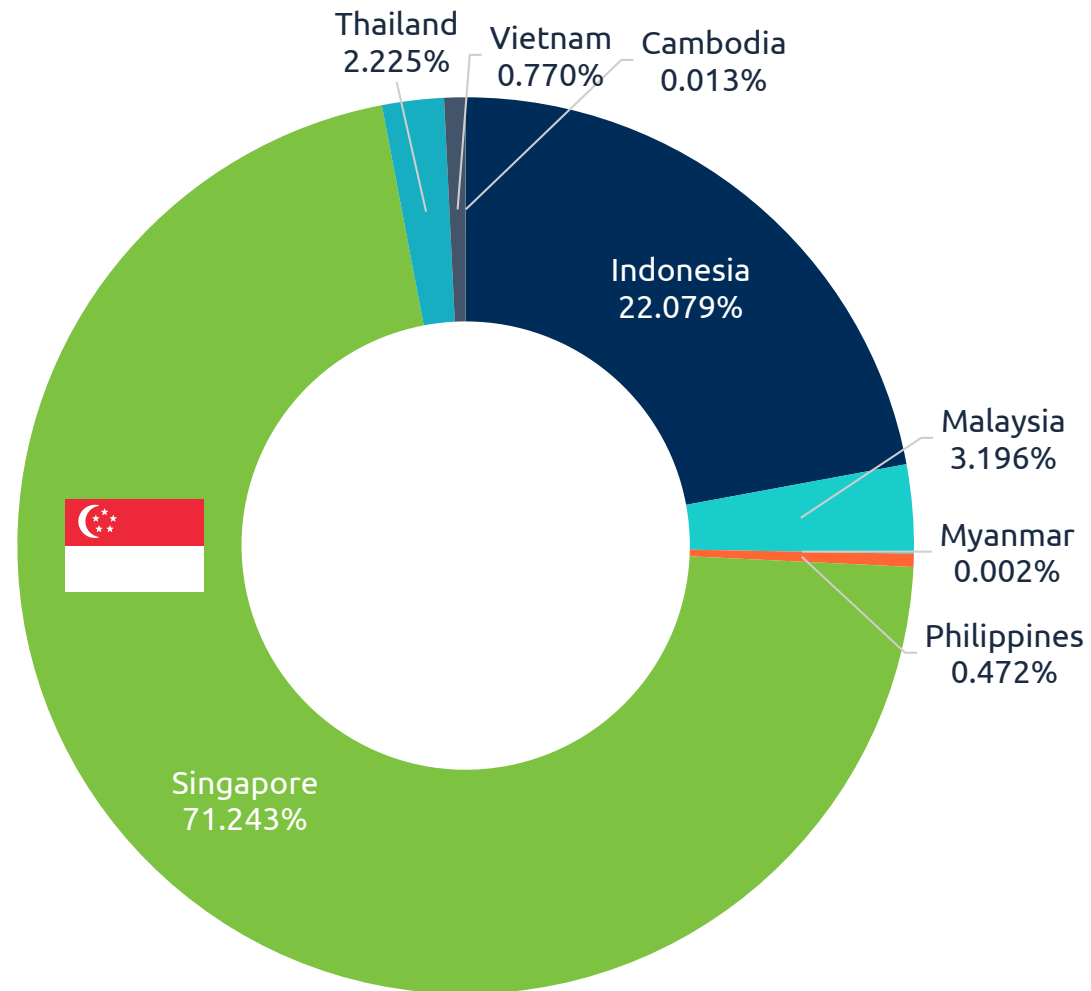


Southeast Asia Tech Deals by Stage



Southeast Asia Total Tech Funding from 2013 to 2017 (in US\$ Billions)

Source: https://www.cbinsights.com/reports/CB-Insights_Southeast-Asia-Tech.pdf
 Source: <https://www.cbinsights.com/research/southeast-asia-tech-financing-trends-investors/>



Southeast Asia Total Tech Funding by destination (2017)



Market: Start-ups



\$7.22 US\$ Billion

raised by Singapore start-ups in 2017

\$9.27 US\$ Billion

raised by SEA start-ups in 2017

\$16.36 US\$ Billion

raised by SEA start-ups from 2012-17

Total Addressable Market (Singapore)

$\$7.22 * 5 * 2\%^{[1]} + \$7.22 * 4\%^{[2]}$

= \$1.01 US\$ Billion^[3]

[1] We assume the average investment period will be 5 years, and the annual investments volume is \$7.22 US\$ Billion. WeFund charge 2% for all AUM.

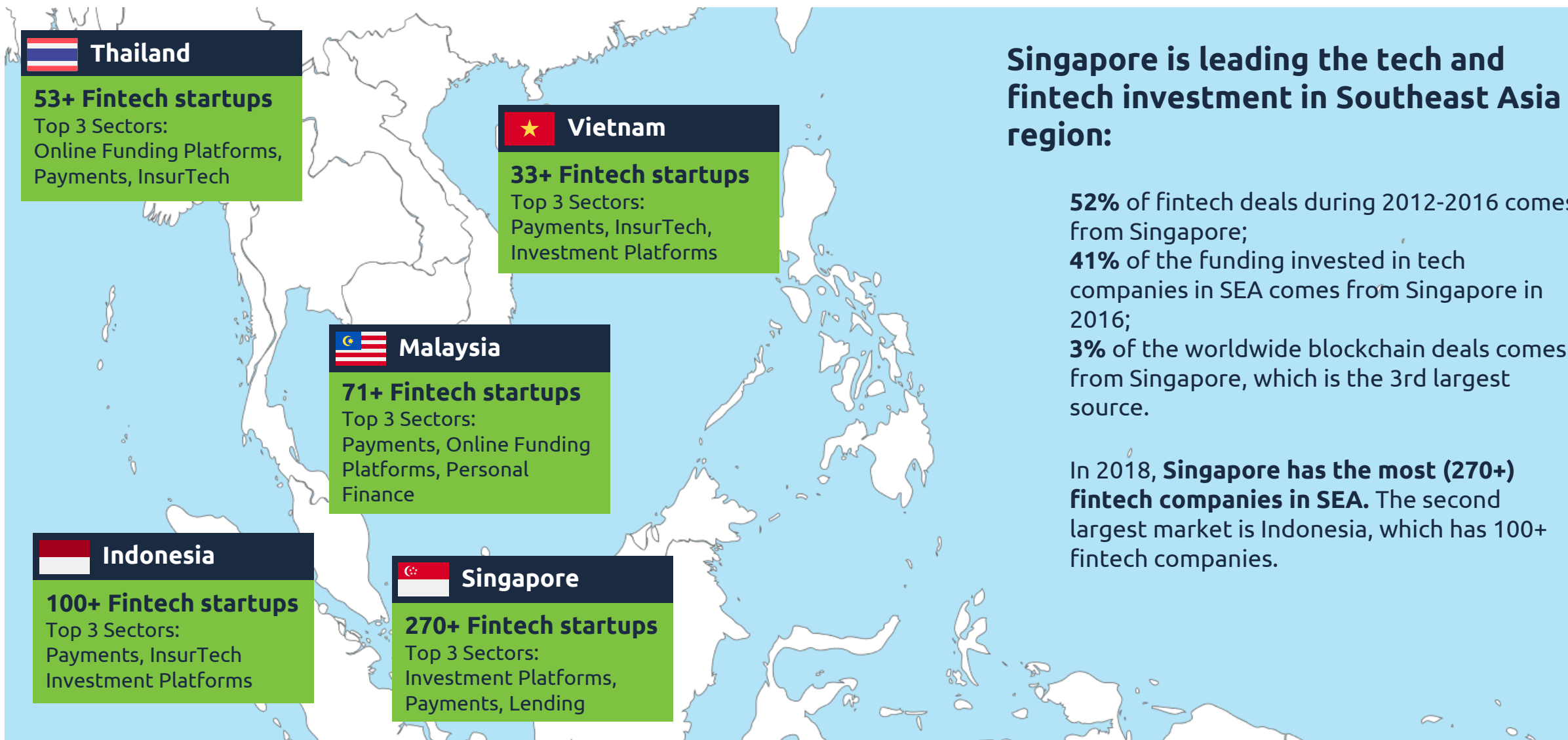
[2] We assume WeFund will charge 4% one-time admin fee.

[3] This only includes the management and admin fees but not the carries or the co-investment return.

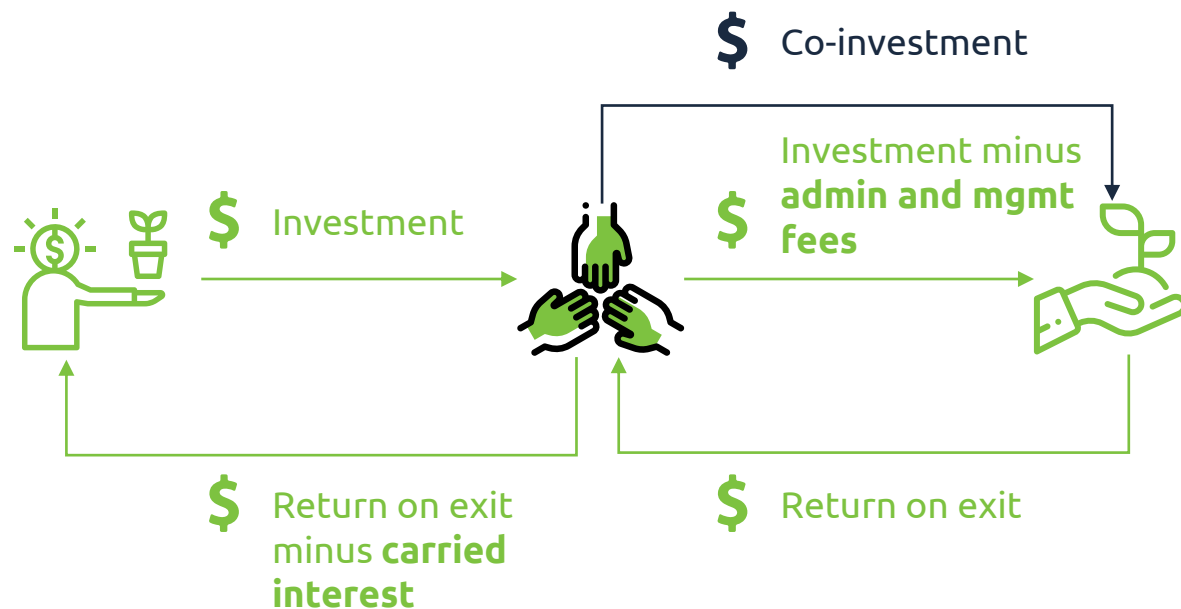
BIG



Market: Start-ups (fintech as an example)



Business Model



Investors

HNWIs in Singapore

WeFund

Start-ups

Seed/A/B-round start-ups for S\$500K to 5M

Management Fees

2% annually for four years (capped)

Administration Fees

One time, 4% (capped until exit) for direct reimbursement of SPV's expenses.

Drawn down as expenses are incurred.

Carried Interest

20% on profits up to 5x of the amount invested.

Proceeds in excess of 5x of the amount invested will be subject to carried interest at a rate of 25%.

Example:

Gross Investment **\$1,120,000**

- Net investment into company **\$1,000,000**
- Management fees (2% over four years) **\$80,000**
- Administration fees (One time, 4%) **\$40,000**

Upon Exit

Exit proceeds **\$5,000,000**

- Carried interest for <5x Return: $(5,000,000 - 1,120,000) \times 0.2 =$ **(\$776,000)**

- Total Investor return **\$4,224,000**



Competitive Landscape



WeFund

Business model

P2P lending platform
charging investors 18% of the interests they earned

P2P lending platform
charging investors 1% of the total repayments

P2P lending platform
charging investors 20% of the interests they earned

Equity investment platform charging investors 2% annual admin fee, 4% one-time mgmt fee, and 20%-25% carry

Products

Short to medium-term (**3-24 months**) unsecured **business loans** and **invoice financing**

Short to medium-term (**1-24 months**) unsecured **business loans** and **invoice financing**

Short to medium-term (**3-12 months**) unsecured **business loans** and **invoice financing**

Middle to long-term (**36 – 60+ months**) equity investment

Targeted fundraisers

Singapore SMEs not qualified for traditional bank loans

Singapore SMEs not qualified for traditional bank loans

Singapore SMEs not qualified for traditional bank loans

Early-stage (seed/pre-A/A/B round) start-ups in SEA

Targeted investors

At least 18 years old; Min S\$ 1,000 deposit

At least 18 years old; Min S\$ 1,000 deposit; Singapore resident

At least 18 years old; Min S\$ 1,000 deposit; Singapore resident

HNWIs (or accredited investors) from SEA and other countries

Investment / funding size

Min S\$ 50 investment
Up to S\$ 3M funding

Min S\$ 500 investment
Up to S\$ 3M funding

Min S\$ 1K investment
S\$ 50K to S\$ 2M funding

Min S\$ 5K investment
S\$ 500K to S\$ 5M funding

Annual Returns Rate

16 - 30% for business loans; 8 – 15% for invoice financing

8 - 24% for business loans; Up to **12%** for invoice financing

15 - 25% after fees

15 - 20% annual return

Co-investment

Founders and employees co-invest in every loan

No

No

The firm's own fund will co-invest in every project



Competitive Landscape



FUNDNEL



WeFund

Business model	Equity investment platform charging start-ups 6% (cash) plus 2% (equity) of the amount raised	Equity investment platform charging start-ups a 5% fee of total funds raised.	Equity investment platform charging investors 2% annual admin fee, 4% one-time mgmt fee, and 20%-25% carry	Equity investment platform charging investors 2% annual admin fee, 4% one-time mgmt fee, and 20%-25% carry
Products	Middle to long-term (36 – 60+ months) equity investment	Middle to long-term (36 – 60+ months) equity investment, convertible bonds, revenue sharing, or bond/debt structure	Middle to long-term (36 – 60+ months) equity investment	Middle to long-term (36 – 60+ months) equity investment
Targeted fundraisers	Singapore start-up in operation for 3+ months with S\$5,000 paid-up capital	Singapore SMEs not qualified for traditional bank loans	Early-stage (seed/pre-A/A/B round) start-ups in Israel	Early-stage (seed/pre-A/A/B round) start-ups in SEA
Targeted investors	Accredited; institutional; professional investors (test required)	Accredited and institutional investors	Accredited and institutional investors	HNWIs (or accredited investors) from SEA and other countries
Investment / funding size	Min S\$ 5K investment S\$ 100K to S\$ 1M funding	Min S\$ 5K investment Up to S\$ 2.2M funding	Min US\$ 10K investment US\$ 1M to US\$ 5M funding	Min S\$ 5K investment S\$ 500K to S\$ 5M funding
Annual Returns Rate	N/A	N/A	N/A	15 - 20% annual return
Co-investment	N/A	N/A	The firm's own fund will co-invest in every project	The firm's own fund will co-invest in every project



Competitive Landscape





Regulations



Primary Regulator

MAS – Monetary Authority of Singapore

- Regulates any debt or equity issuances
- Requires Moneylender license for any service to non-accredited individuals: \$20K SGD fee
- Requires Capital Markets Service license for any financial intermediary activities: \$100K SGD security deposit + \$1MM SGD base capital

Adverse Policy / Regulatory Changes on Crowdfunding

- More stringent requirements, particularly on the definition of investment advice and disclosures by companies raising funds
- Restrictions on the use of investment vehicles, notably special-purpose vehicles (SPVs)
- Limitations on the number of investors involved in each transaction

More Stringent Anti-Money Laundering Regulations

- Stricter requirements on investor due diligence and onboarding
- More burdensome reporting requirements on investor activities
- Stricter liability standards for fraud committed on platform

Limitations on Investment Solicitation

- Increased base capital or security deposit requirements
- Expanded prospectus issuance requirements unless no advertising, and raising less than \$5MM SGD in any 12 month period or seeking less than 50 investors

Secondary Policy Stakeholders

Foreign and domestic government bodies

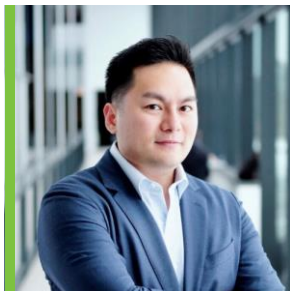
- **Financial markets regulators**
- **Central banks**

Local Investment Regulations

- Restrictions on foreign ownership, especially in politically sensitive industry verticals or business categories
- Limitations on the use of international subsidiaries or legal domiciles for fundraising

Capital Controls

- Restrictions on investment in overseas funds or companies
- Limitations on currency convertibility or overseas capital flows

**Thomas Jeng**

CEO and Investment Director

8 years management consulting experience from top consulting firms (*)2 years of venture capital experience from 500 Startups
MBA from Yale School of Management**Fan Wen**

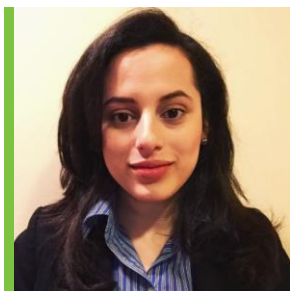
Investment Analyst

3 years of venture capital investment experience (*)Investment Analyst at OurCrowd
Business Development at TuSimple
Product Strategist at Didi Chuxing
MBA from Yale School of Management**Vincent Chin**

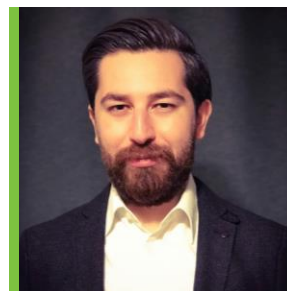
CFO and Legal Director

5 years of investment banking experience (*)Founder of Lanternlight Analytics and XNInsight
B.S. Eng in Computer Science, Finance; from UIUC
MBA from Yale School of Management**Victoria Shvydchenko**

Investment Analyst

3 years of venture capital investment experience (*)Founder, Co-Chair of the "Blockchain for Sustainable Solutions" conference
Analyst, Business Development at Leadware.io
Master of Environmental Management from Yale School of Forestry**Cerilene Menendez Mendoza**

Investment Director

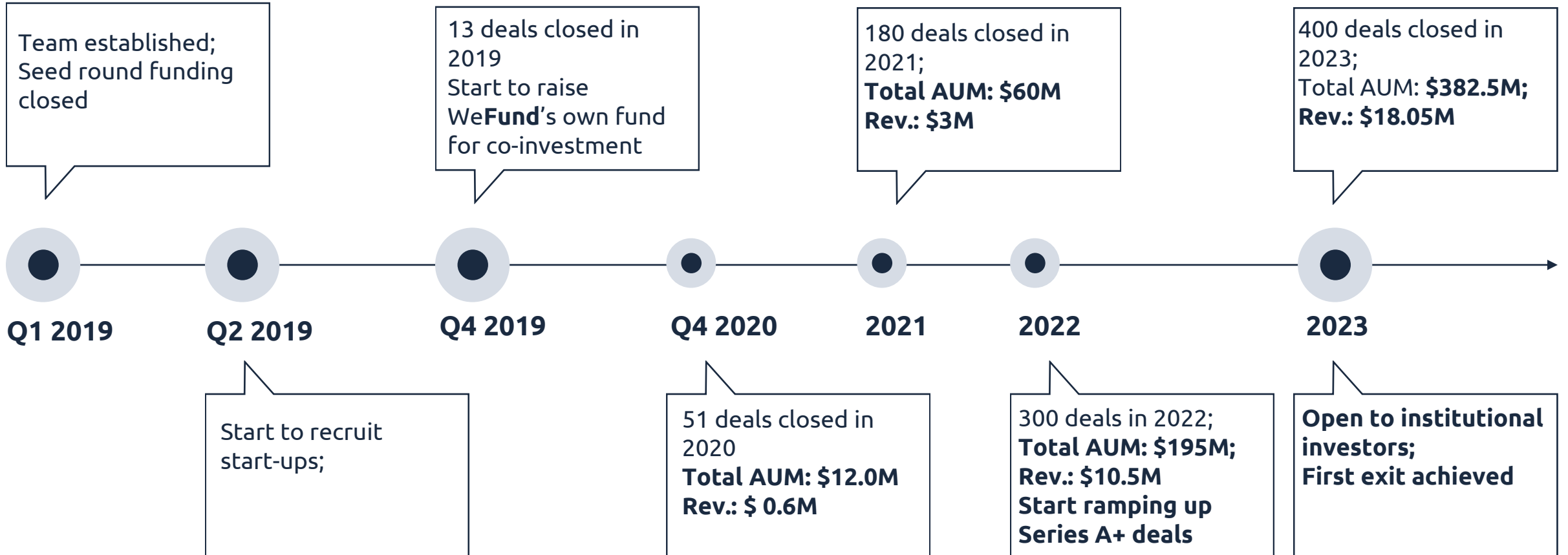
5 years of entrepreneurship experience in SEA (*)Head of Commercial of Foodpanda Thailand
Partner, Cofounder of Sopotra
MBA from Yale School of Management**Mumtaz Demirci**

Business Development Manager

5 years of entrepreneurship experience in SEA (*)Expert Network Optimization Engineer at Turkcell
MBA from Koç University



Development Roadmap



Seed Round Funding

The market

82

exits for total 183 crowdfunding start-ups in ~ 5 years

\$33.91M

average valuation for exits

6.49

average P/S ratio upon exit



 WeFund

\$1.47M

for two years run-way
in exchange for 30% equity



Proposed Terms



- Capital Investment (\$) **1.47 M**

- Equity Stake: **30%**

This financing consists of up to **300,000 shares** of Common Stock to Unnamed Ventures for a Grand total of **\$ 1.47** million.

The post-money valuation of the Company is **\$ 5** million and **\$1.47** million purchases **30%** of the Company in Common Stock.

- Security Type: **ordinary common stock**

- Board Representative: **1 out of 5 board seats**

The Board of Directors will consist of 5 seats. Unnamed Ventures will have the right to elect 1 member to the Company's Board of Directors (initially 3). The Company's Chief Executive Officer will also serve as a Director. The additional Directors will be representatives mutually agreeable to the Company's existing Directors and the Preferred Stock investors.

- Option Pool Size: **15%**

The unallocated employee pool will be approximately 15 % of the fully diluted capitalization of the Company.

- Founder Vesting Provisions: **three years with a one-year cliff**, and **1/36th** vesting thereafter

25 percent at the end of the first year of full-time employment following the closing of the financing contemplated by this term sheet and at a rate of **1/36th** of the remaining amount per month thereafter such that the entire stock option grant vests in its entirety over a period of four years.



Appendix: Income Statement



	2019	2020	2021	2022	2023
Revenues					
Management Fees	\$100,000	\$360,000	\$1,350,000	\$3,150,000	\$5,850,000
Transaction Admin Fees	\$150,000	\$540,000	\$2,025,000	\$4,725,000	\$8,775,000
Total Revenues	\$250,000	\$900,000	\$3,375,000	\$7,875,000	\$14,625,000
Expenses	\$1,480,000				
Salaries	\$600,000	\$880,000	\$1,200,000	\$1,950,000	\$2,800,000
Marketing	\$150,000	\$280,000	\$780,000	\$1,440,000	\$2,160,000
Onboarding Expenses	\$100,000	\$200,000	\$600,000	\$1,200,000	\$1,800,000
Servicing Expenses	\$12,500	\$45,000	\$168,750	\$393,750	\$731,250
Transaction Expenses	\$37,500	\$135,000	\$506,250	\$1,181,250	\$2,193,750
Hosting Fees	\$5,000	\$18,000	\$67,500	\$157,500	\$292,500
Other Overhead	\$25,000	\$90,000	\$337,500	\$787,500	\$1,462,500
Total Expenses	\$930,000	\$1,648,000	\$3,660,000	\$7,110,000	\$11,440,000
Net Income	(\$680,000)	(\$748,000)	(\$285,000)	\$765,000	\$3,185,000
Accumulated # of members	0	1000	3000	9000	21000
# of new members	1000	2000	6000	12000	18000
Average # of members	500	1500	4500	10500	19500
Average AUM / member	\$10,000	\$12,000	\$15,000	\$15,000	\$15,000
Average Total AUM	\$5,000,000	\$18,000,000	\$67,500,000	\$157,500,000	\$292,500,000
Number of transactions	25	77	253	525	878
Average transaction value	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
Total transaction value	\$3,750,000	\$13,500,000	\$50,625,000	\$118,125,000	\$219,375,000
Management Fees	2%				
Transaction Fees	4%				
% of AUM allocated to transactions	75%				
Transaction Margin	80%				
Number of Employees	6	8	10	15	20
Average Employee Salary	\$100,000.00	\$110,000.00	\$120,000.00	\$130,000.00	\$140,000.00
CAC	\$150	\$140	\$130	\$120	\$120
Onboarding Expense	\$100	\$100	\$100	\$100	\$100
Servicing Expense	5%				
Hosting Expense	2%				
Other Overhead	10%				



Appendix: Historical Exits (Deals with valuation information)



Company	Deal Date	Deal Type	Deal Size (\$M)	HQ Location	Investors	Post Valuation (\$M)	Revenue (\$M)	EBITDA (\$M)	Net Income (\$M)	P/S	P/E
Fellow Finance (HEL: FELLOW)	10-Oct-18	IPO	23.36	Helsinki, Finland	N/A	64.1	12.31	4.24	1.8	5.21	15.13
Technori	12-Sep-18	M&A	1	Chicago, IL	DV Partners (Michael Rothman)	2.65	1.25	0.35	N/A	2.12	7.57
iCrowdU	9-Aug-18	M&A	10	Reno, NV	AB International Group (PINX: ABQQ) (Chiyuan Deng)	10	N/A	N/A	N/A	N/A	N/A
YouCaring	4-Apr-18	M&A	55	San Francisco, CA	GoFundMe (Rob Solomon)	55	N/A	N/A	N/A	N/A	N/A
Crowd Supply	30-Mar-18	M&A	5	Portland, OR	Mouser Electronics	5	N/A	N/A	N/A	N/A	N/A
DCON	15-Mar-18	M&A	9.6	Beijing, China	Future FinTech Group (NAS: FTFT) (Yongke Xue)	16	N/A	N/A	N/A	N/A	N/A
Verify Investor	1-Mar-18	M&A	12	Sherman Oaks, CA	tZERO	12	N/A	N/A	N/A	N/A	N/A
Dragon Victory International (NAS: LYL)	20-Oct-17	IPO	8.53	Hangzhou, China	N/A	68.53	4.29	2.11	1.72	15.96	32.51
JustGiving	2-Oct-17	M&A	127.4	London, United Kingdom	Blackbaud (NAS: BLKB) (Jerry Needel)	127.4	34.76	N/A	4.51	3.66	N/A
Tilt	22-Feb-17	M&A	60	San Francisco, CA	Airbnb (Joseph Zadeh)	60	N/A	N/A	N/A	N/A	N/A
Pensco Trust	14-Apr-16	M&A	104	San Francisco, CA	Opus Bank (NAS: OPB) (Richard Sanchez)	104	N/A	N/A	N/A	N/A	N/A
Crowd 4 Seeds (PINX: CWWD)	21-Sep-15	IPO	0.68	Kfar Saba, Israel	N/A	1.41	N/A	N/A	N/A	N/A	N/A
RocketHub	15-Apr-15	M&A	2	New York, NY	EFactor Group (Adriaan Reinders)	2	N/A	N/A	N/A	N/A	N/A
CrowdFunder (Financial Software) (OTC: CWDF)	25-Jun-08	IPO	0.2	Boulder, CO	N/A	2.65	N/A	N/A	N/A	N/A	N/A

See attachment for full list of deals on crowdfunding start-ups

Source: <https://pitchbook.com>