

Augmentum Fintech plc

Newly established closed-ended investment company which seeks to invest in a focused portfolio of fast growing and/or high potential private fintech businesses based predominantly in the UK and wider Europe

Initial Public Offering – March 2018

KEY FEATURES

- Experienced and entrepreneurial management team with a strong track record in fintech venture capital generating 19% per annum since inception*
- Target launch size of £100-£125** million with £2.7 million invested by management and £10 million by RIT Capital, the FTSE listed investment trust in which Jacob Rothschild and family are substantial investors
- Initial portfolio of assets currently valued at £33 million to be acquired as part of the IPO; including an investment in Zopa, Interactive Investor and Seedrs
- Significant opportunity to bridge the funding gap in post-seed venture capital currently existing across Europe
- Through Augmentum’s existing industry relationships, the Company will have access to an identified pipeline of assets currently in excess of £100 million

Initial portfolio includes investments in



World’s first peer-to-peer lending platform



UK’s 2nd largest online broker by assets under administration



Europe’s leading equity crowdfunding platform

THE OPPORTUNITY

- Financial services sector is ripe for disruption; yet to happen in the significant way that has been seen in other sectors such as retail and travel
- UK is at the centre of this disruption due to several factors, including pragmatic regulation and sector "DNA"
- The Management Team sees the opportunity to capitalise on the lower valuations of early stage businesses in Europe, as compared to the US. The substantial demand for post-seed venture capital funding in the European fintech market is creating an equity gap
- The Management Team will use its expertise, experience and networks in the fintech sector to actively drive value creation in its investee companies, stimulating growth, and positively influencing future financing and exits
- The Company’s focus on fast growing and/or high potential private fintech companies offers a targeted investment into a sector that investors find difficult to successfully access

Initial portfolio

£33m

Gross IRR*

19% pa

Money Multiple*

2.6x

* Fintech track record refers to track record of Augmentum Capital I LP between 2010 – 2017 based on internal calculations using audited accounts. IRR 16.5% net of fees. Past performance is not a guarantee to future performance.

** Including consideration shares issued at the issue price of 100 pence per share.

TARGET FINTECH SUB-SECTORS

Banking

- The sector continues to be disrupted by fintechs, and although sizeable companies are being created, their actual penetration is still small, with significant growth still to come over the coming years
- The traditional bank is now being unbundled by dynamic, data driven and tech focused fintechs who are deploying models that allow more innovative, simple and transparent ways for consumers to engage with their finances

Insurance

- Although the insurance industry has been slow to disrupt, there is now a wave of innovative businesses looking to capitalise on an industry often described as being in the Stone Age
- Some disruptive insuretechs are starting to price risk more effectively as well as looking to usurp existing players entirely with new customer propositions and more innovative approaches to underwriting

Asset Management

- High fees, poor returns, low tech solutions and bloated service delivery chains have made this area fertile ground for new challengers to exploit
- While historic customer inertia to switching has allowed existing players to hold on to their market share, this will no longer hold sway as fintechs continue to develop cheaper, more efficient and customer friendly platforms, with some building compelling track records of performance

Other Cross-Industry Propositions

- There are a number of opportunities that by the very nature of their disruptive nature do not fit neatly into the existing framework
- In many cases technology is allowing the retail investor to access asset classes and opportunities that previously were unavailable to them

INITIAL PORTFOLIO



Europe's leading equity crowdfunding platform

£320m

Total invested through Seedrs platform

ZOPA

World's first peer-to-peer lending platform

£3bn

Lent to UK customers



UK's 2nd largest online broker by assets under administration

£20bn

Assets under Administration



Portfolio reporting solutions for large family offices

2010

Augmentum first invested



BullionVault

Precious metals investment and trading platform

\$2bn

Stored bullion on the platform



Online marketplace for maturing stocks of whisky*

2015

Founded to make whisky an accessible asset class

Pipeline



> £100M

* Augmentum owns an interest in Whisky Invest Direct through its investment in BullionVault which is an approximately 80 per cent. owner

MANAGEMENT TEAM



Tim Levene
CEO

- Started career at Bain & Co
- Co-founder of Crussh



Richard Matthews
COO

- Started career at PwC
- CFO of flutter.com, 1999-2001



Perry Blacher
Venture Partner

- Fintech specialist Advisor & Non-executive director
- VC investor

- Founding employee of flutter.com which merged with Betfair
- Young Global Leader at World Economic Forum

- Joined Benchmark Capital, VC Investor in Betfair, in 2001 as Finance Director
- Partner at Manzanita Capital, 2005-2009

- Founder and CEO of two businesses, both sold to public companies (Serum & Covestor)



ADVISORY PANEL



Edward Wray

- Co-Founder of Betfair
- Prolific fintech investor



Philip Riese

- Former president of American Express Consumer Card Group
- Prolific fintech investor



Josh Hannah

- Co-founder of Flutter.com,
- Silicon Valley entrepreneur and investor



AUGMENTUM BACKGROUND

Augmentum's first fund invested £32m in Fintech opportunities and was backed solely by RIT Capital Partners plc, the FTSE listed investment trust in which Jacob Rothschild and his family are substantial investors. RIT will be investing £10 million in this new fund as part of the IPO.

The Management Team and Advisory Panel are, and have been, associated with many successful fintech businesses in Europe and beyond. This track record and experience acts as a magnet to emerging entrepreneurs and has allowed them to develop strong networks at the centre of the fintech ecosystem including the incubators, seed funds, angel networks, and venture capital funds.

FOCUSED INVESTMENT STRATEGY

Key areas of focus and key characteristics Augmentum look for in investment opportunities

Series A	Series B	Value/Down Rounds	Secondary
Our proprietary network means we will get access to exciting and fast growth businesses in the sector before valuations inflate	This is where the equity gap is the greatest, and where we see the least competition for deals We will have had the opportunity to build relationships with attractive businesses over time and will have a good sense of their ability to scale	In the past two years, high growth fintechs have raised capital at significant valuations, albeit with complex structures that rely on continued hyper growth We capitalise on companies that have not achieved expectations and may need to restructure their capital base to crystallise their long term growth potential	A lack of liquidity in the market is creating a situation where founders, former employees, angel investors and some funds are seeking liquidity Traditional Venture funds are often not permitted to buy secondary, despite the compelling nature of some opportunities
<ul style="list-style-type: none"> • Strong founder team • Disruptive • Scale of opportunity • Strong unit economics 	<ul style="list-style-type: none"> • Strong founder team • Disruptive • Scale of opportunity • Momentum 	<ul style="list-style-type: none"> • Scale of opportunity • Strong fundamentals • Openness to revisiting approach 	<ul style="list-style-type: none"> • Strong team • Scale of opportunity • Strong metrics • Visibility on liquidity

Key characteristics Augmentum look for

KEY TERMS

Issuer	Augmentum Fintech plc
Investment strategy	To invest in fast growing and/or high potential fintech businesses based predominantly in the UK and wider Europe
Investment objective	To generate capital growth over the long term
Time to invest cash proceeds	The Company aims to substantially deploy the net cash proceeds within 12 months of admission
Proposed structure and listing	Closed-end investment company (expected to list on the premium segment on the Main Market)
Incentive to the management team	15% total return subject to minimum IRR of 10% with catch-up
Ongoing charges	Ongoing charges expected to be 2.2%, based on a £100m IPO, reducing as the Company's size increases

HOW TO APPLY FOR SHARES IN THE OFFER

Please contact your stockbroker or share dealing service for details on how to apply. Further information on the Company and the Offer is available at www.augmentumfintech.com

RISKS

There can be no guarantee that the investment objective of the Company will be achieved. Any return you receive depends on future performance and is uncertain. Market movements may cause the value of investments and the return from them to fall as well as rise and investors may not get back the amount originally invested. The Company does not seek any protection from future market performance so you could lose some or all of your investment.

The Company is expected to invest in early-stage private businesses, which, by their nature, may be smaller capitalisation companies. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movements and performance may be more volatile. Private businesses, which are not normally available to individual investors, carry performance, liquidity and valuation issues. Such businesses are typically illiquid and a sale may require the consent of other interested parties. Such investments may therefore be difficult to value and realise, and their prospects may be more difficult to assess. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments estimated by the Company. The Company will also invest in a narrow industry sector and will typically hold a relatively small number of investments as compared to many other funds. This may make the performance of the Company more volatile than would be the case if it had a more diversified investment portfolio and may materially and adversely affect the performance of the Company and returns to investors.

As part of its investment strategy, Augmentum Fintech may from time to time borrow money (known as gearing) for working capital purposes. In addition, Augmentum Fintech's underlying investments may themselves be geared which may mean that the valuation of these investments will therefore be affected by the level of interest rates and by the level of equity markets. The level of gearing of Augmentum Fintech itself and by its underlying investments may, depending on the sums involved, have a significant impact on the value of Augmentum Fintech shares, such that you may not get back the amount you originally invested.

Shares of the Company are bought and sold on the London Stock Exchange. The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. Usually, at any given time, the price you pay for a share will be higher than the price you could sell it. It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.

For further information on the risks of investing in the Company please refer to the Prospectus available at www.augmentumfintech.com.

DISCLAIMER

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