ABG SUNDAL COLLIER

VEF

An emerging star

- A novel play on private fintechs in emerging markets
- NAVPS growth of 25% (CAGR) since inception
- Fair value range per share of SEK 3.4-6.2

An intriguing opportunity to tap into the private fintech market

VEF is an investment company founded in 2015 through a spin-off from VNV Global. The company invests in private fintech players in frontier and emerging markets, with a heavy tilt towards Latin America. We find the opportunity in emerging markets especially attractive, as the segment is estimated to account for 50% of global GDP growth over the next 20 years, thus offering a superior long-term growth profile. In addition, we believe that disruptive digital fintechs can benefit especially in emerging markets as they can help customers avoid the expensive services of traditional banks. We find VEF's profile intriguing, as there are currently few ways to tap into the growing digital fintech theme in either public or emerging markets. VEF targets well-managed businesses with all lines of financial services, including payments, credit, savings and investments. The company focuses particularly on highly populated and scalable markets, such as Brazil, India, Mexico and Pakistan, as these represent the largest structural growth opportunities.

NAVPS CAGR of 25% since inception

VEF primarily targets early to mid-stage fintechs, with the aim of acquiring minority stakes (~10-20%) in order to get board representation. The company aims to be an active, long-term investor, providing experience and in-depth knowledge to help entrepreneurs and their teams advance on their growth journey. Since its inception VEF has built up an impressive track record of creating shareholder value, with a net asset value per share CAGR of 25%. This has been driven by strong value growth from current portfolio investments such as Creditas, Konfio and TransferGo, but also from the exits of Tinkoff Bank and iyzico, both of which generated IRRs of over 50%.

Fair value range per share of SEK 3.4-6.2

We have used three different approaches to derive a fair value range for VEF: 1) a 19% discount to its last calculated NAV, in line with the five-year average discount; 2) a target IRR of 20%, in line with the current IRR average of the portfolio, and 3) a target IRR of 30%, in line with the company's own IRR target. In sum, we arrive at a fair value range of SEK 3.4-6.2.

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SEKm	2019	2020	2021e	2022e	2023e
DPS	0	0	0	0	0
Dividend Yield (%)	*0*	*0*	*0*	*0*	*0*

Source: ABG Sundal Collier, Company data

Reason: Initiating coverage

Company sponsored research

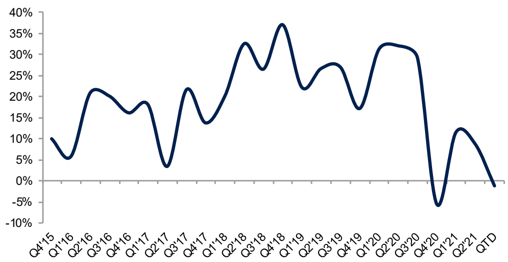
Not rated

Share price (SEK)	18/08/2021	4.3
Fair value range (per share)		3.4-6.2

Investment Companies, Sweden
VEFAB.ST/VEFAB SS

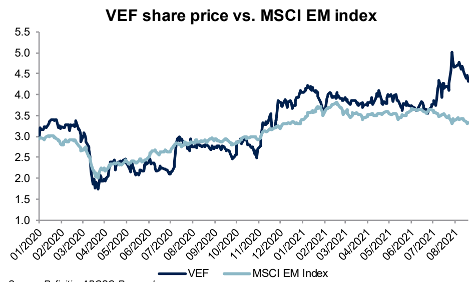
MCap (SEKm)	3,597
MCap (EURm)	352
No. of shares (m)	834
Free float (%)	*82*
Av. daily volume (k)	19

NAV discount



Source: Company data, Refinitiv, ABGSC Research

Share price (1Y)



Source: Refinitiv, ABGSC Research

NAV data	
NAV Per Share	4.3
NAV Discount (%)	*-1%*
Reported NAV discount (%)	*-1%*
Target NAV discount (%)	*na*
Net debt/Assets (%)	*na*

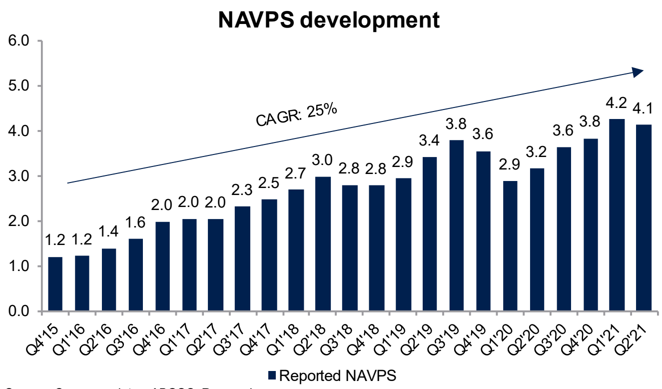
Source: ABG Sundal Collier, Company data

Company description

VEF is an investment company focusing on private fintech companies in emerging markets. The company was founded in 2015 through a spin-off from VNV Global. Since its inception, VEF has delivered strong growth in NAV per share, driven by both current portfolio investment and portfolio exits. The company targets fintech companies that are in the early growth stage, where VEF aims to take minority stakes (~10-20%) in order to achieve board representation. VEF aims to be an active, long-term investor and help entrepreneurs and their teams on their growth journey.

Risks

The main risk lies in the general market environment and the fintech sub-sectors in which the holding companies operate. Poorly timed investments and bad investment decisions in general are risks as well. Another risk would be poor performance in the holding companies, which conceivably could be driven by inefficient corporate governance, which could negatively impact the investment community's perception of VEF as an active owner and, in turn, drive the NAV discount higher.



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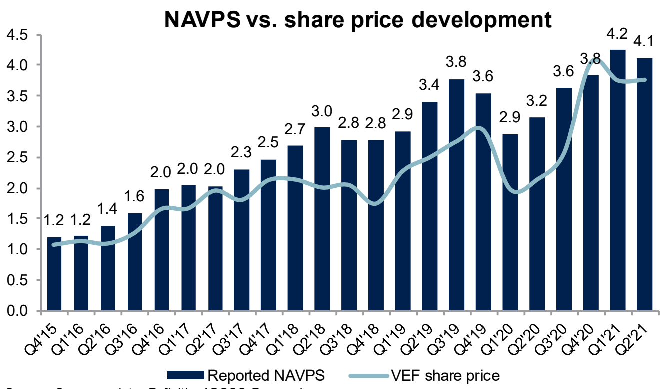

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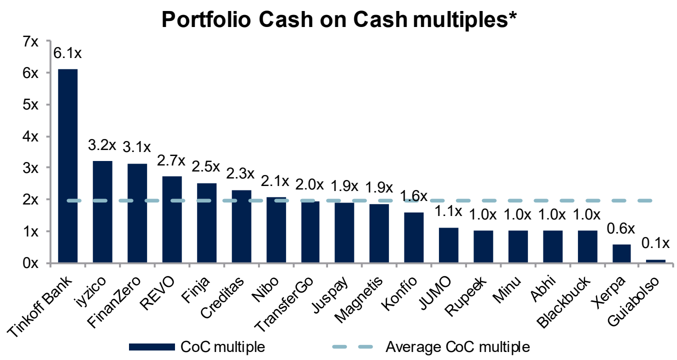
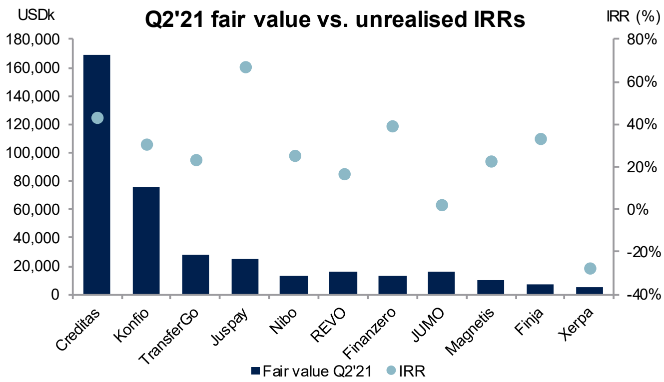


Source: Company data, ABGSC Research

* Tinkoff Bank, iyzico & Guiabolso has been divested



Source: Company data, ABGSC Research

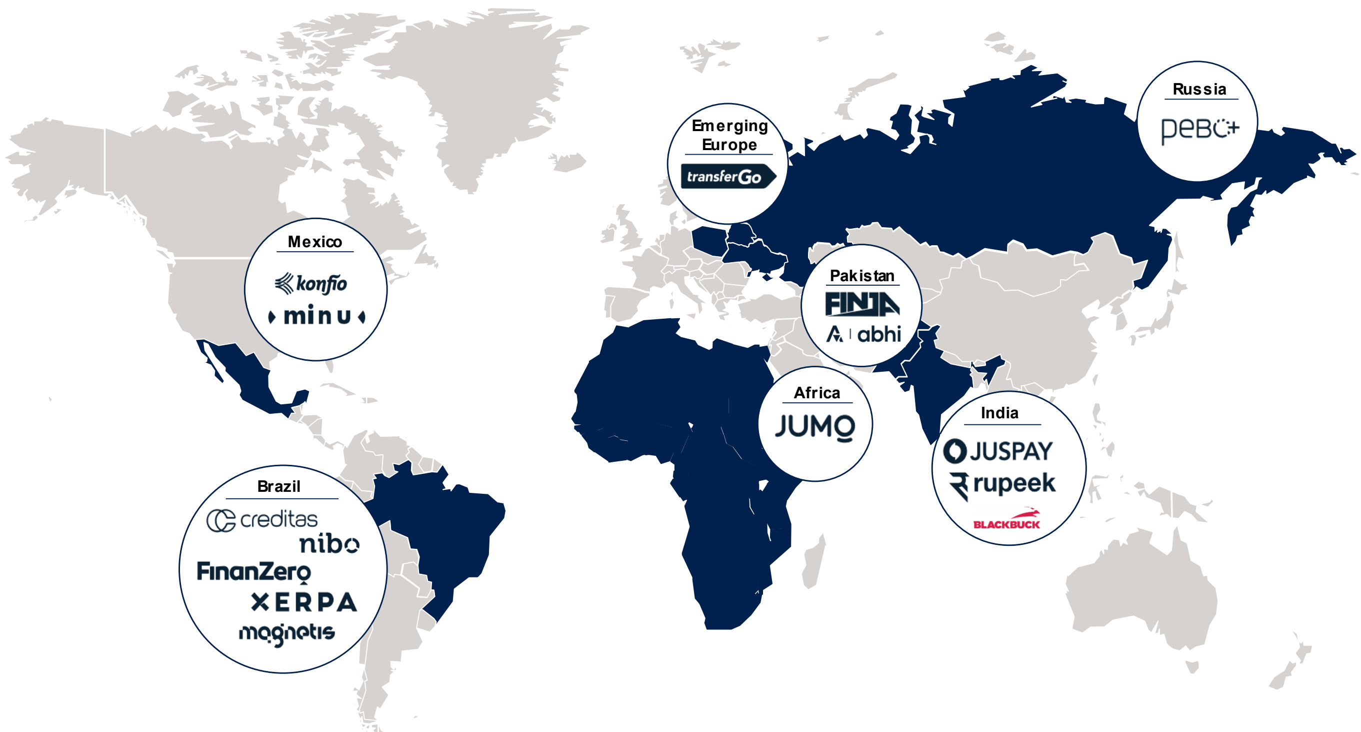
Contents

Summary

VEF is an investment company focusing on private fintech businesses in emerging markets. The company was founded in 2015 through a spin-off from VNV Global. Since its inception, VEF has invested in 18 companies, in different geographies, business models and at various stages of development. Over this period, the company has delivered a net asset value per share CAGR of 25%. This has been driven by strong value growth from current portfolio investments such as Creditas, Konfio and TransferGo, but also from the exits of Tinkoff Bank and iyzico, both of which generated IRRs of over 50%.

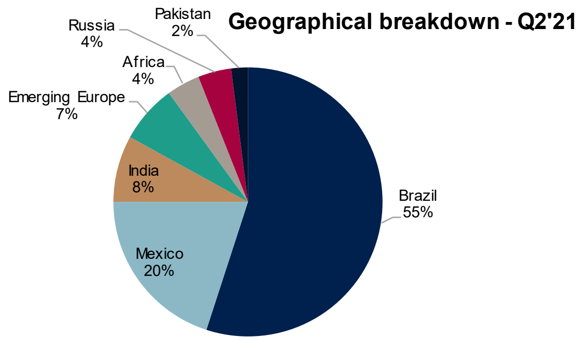
Focus on private fintech companies in emerging markets
VEF invests in private fintech companies in emerging markets, with a heavy tilt towards Latin America. The company primarily targets early to mid-stage fintech companies with disruptive digital business models. VEF aims to be an active, long-term investor, providing experience and in-depth knowledge to help entrepreneurs and their teams advance on their growth journey.

VEF's geographical footprint

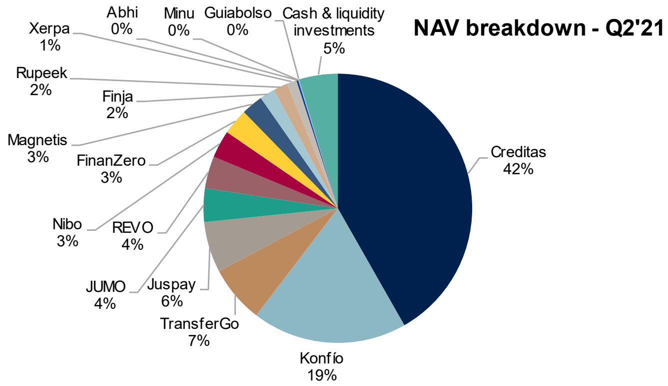


Source: Company data, ABGSC Research

The two largest portfolio companies account for 60% of portfolio NAV
As of its latest reported data (Q2'21), VEF had 15 portfolio companies with a fair value of USD 386m and net cash and equivalents of USD 18m. Its holdings span several geographies, with Brazil the largest, accounting for 55% of the NAV. Latin America as a whole accounts for 74% of the portfolio NAV. The largest holding in the portfolio is Creditas, a Brazilian fintech that offers secured lending through a digital platform. The company accounts for 42% of the NAV. The second-largest holding, accounting for 19% of the NAV, is Konfio, which offers diversified financial services to Mexican SMEs. Since Q2'21, VEF has made one additional investment of USD 10m in an online trucking platform called BlackBuck and has sold Guiabolso for USD 3m. Although the portfolio has some geographical and sub-sector overlap, each company has its own value drivers and challenges.



Source: Company data, ABGSC Research



Source: Company data, ABGSC Research

Portfolio sub-sectors include credit, payments and personal finance platforms
VEF's portfolio companies can be divided into the following sub-sectors: credit, payments, personal finance/investments, financial wellness, accounting SaaS and embedded fintech.

- Credit: Creditas, Konfio, Rupeek, Jumo, Revo and Finja
- Payments: Juspay and TransferGo
- Personal finance/investments and marketplace: FinanZero and Magnetis.
- Financial wellness: Abhi, Minu, Xerpa
- Accounting SaaS: Nibo
- Embedded fintech: BlackBuck

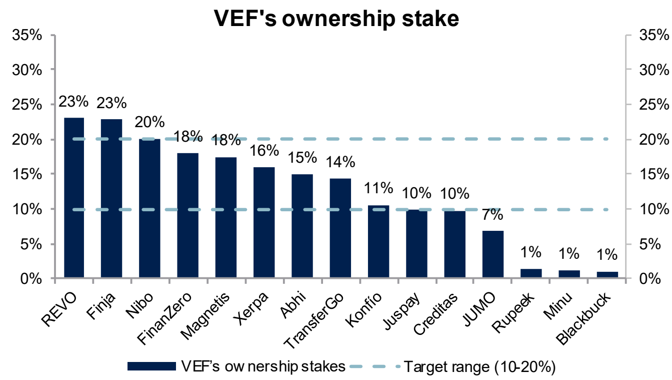
VEF portfolio overview

Company	Country	Segment	Inv. Date	Ownership %	Invested amount (USDm)	Fair Value (USDm)	% of VEF's portfolio	IRR	CoC multiple	Valuation method
creditas	Brazil	Asset focused Ecosystem	Dec-17	9.8%	73.4	169.0	44%	43%	2.3x	Latest transaction
konfio	Mexico	SME lending	Jun-18	10.6%	47.3	75.4	20%	31%	1.6x	Latest transaction
transferGo	Emerging Europe	Cross-border remittances	Jun-16	14.3%	13.9	27.8	7%	23%	2.0x	Mark-to-model
JUSPAY	India	Payments	Apr-20	9.9%	13.0	24.7	6%	67%	1.9x	Mark-to-model
JUMO	Africa	Mobile money marketplace	Oct-15	6.8%	14.6	16.3	4%	2%	1.1x	Mark-to-model
peBC+	Russia	Consumer credits & payments	Sep-15	23.0%	6.7	15.7	4%	17%	2.7x	Mark-to-model
nibo	Brazil	Accounting SaaS	Apr-17	20.1%	6.5	13.4	3%	25%	2.1x	Mark-to-model
FinanZero	Brazil	Consumer credits marketplace	Mar-16	18.0%	5.7	12.6	3%	39%	3.1x	Latest transaction
magnetis	Brazil	Digital investment advisor	Sep-17	17.5%	5.7	10.5	3%	22%	1.9x	Mark-to-model
FINJA	Pakistan	Digital lending & payments	Jul-16	22.8%	3.2	7.4	2%	33%	2.5x	Latest transaction
rupeek	India	Secured lending platform	Mar-21	1.4%	7.0	7.0	2%	0%	1.0x	Latest transaction
XERPA	Brazil	HR & payroll management	Sep-19	16.0%	8.5	4.8	1%	-28%	0.6x	Mark-to-model
abhi	Pakistan	Salery on demand	Jun-21	15.0%	0.9	0.9	0.2%	0%	1.0x	Latest transaction
minu	Mexico	Salery on demand	Mar-21	1.2%	0.5	0.5	0.1%	0%	1.0x	Latest transaction
BLACKBUCK	India	Online trucking platform	Jul-21	1.0%	10.0	10.0	3%	0%	1.0x	Latest transaction

Source: Company data, ABGSC Research ** IRR and CoC multiple as of last reported*

Investment strategy and approach

VEF generally aims to reach minority stakes of ~10-20% with board representation in its portfolio companies. In three of its four latest investments, Rupeek, Minu and BlackBuck, VEF's ownership is however well below its target level of 10-20%, so we would expect to see additional investments in these companies, assuming they are progressing according to plan. The company has increased its number of holdings in the last few quarters, but given the size of its investment team (six members), we do not believe it should have any problems including more in its portfolio.



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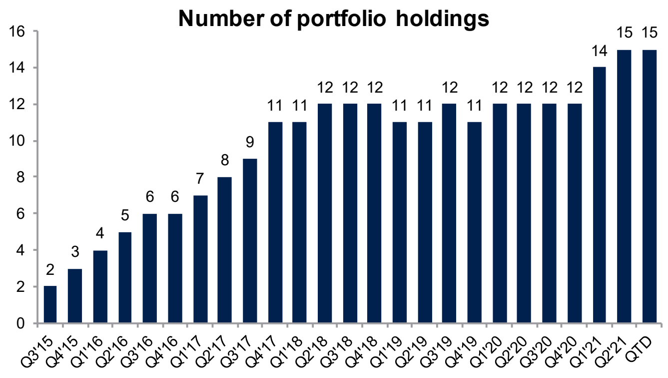


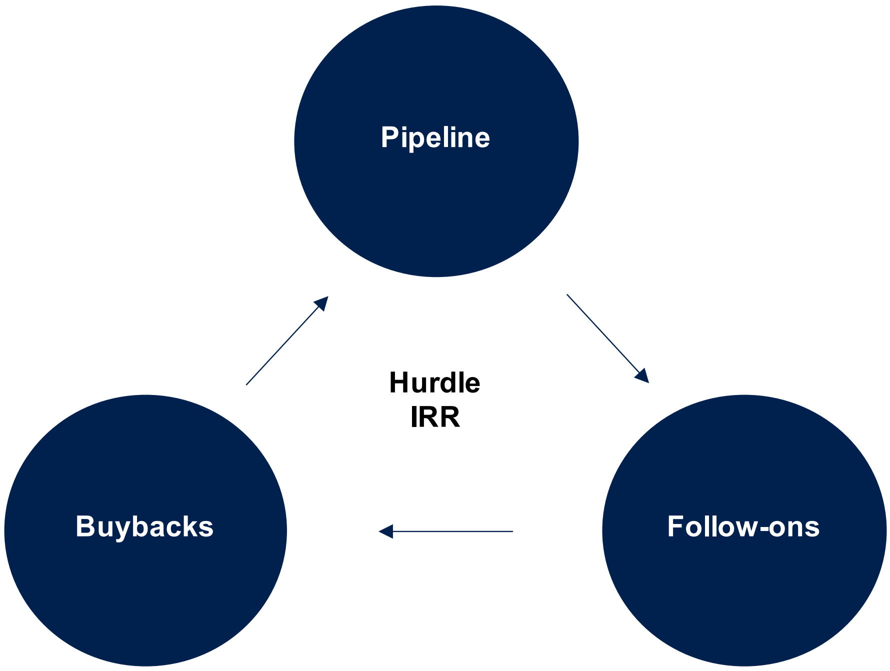
Source: Company data, ABGSC Research

Three main capital allocation possibilities

As of Q2'21, 5% of the total NAV was in net cash and equivalents. However, after the acquisition of BlackBuck and exit of Guiabolso we assess the current net cash position to be 3% of NAV (~USD 11m), which is below the historical average. We would not be surprised if the company were to seek additional funding later this year if it wants to sustain the level of investment activity that we have seen during the last few quarters, without any portfolio exits, by for example carrying out a rights issue or private placement, similar to what it did in Q4’20 when it strengthened its liquidity position with a private placement of USD 61m (before deduction of transaction costs). During the Q2’21 earnings presentation, the company highlighted that it sees Juspay, Jumo and TransferGo as well-placed to secure new funding.

VEF has three main ways of allocating capital to create shareholder value: 1) investing in new opportunities (companies), 2) follow-on investments, and 3) share buybacks. The investment decisions and priorities are driven by the expected IRR of each opportunity. The company has not paid any dividends historically, and has no dividend target. The focus remains on capital appreciation.

Three core possibilities for capital allocation

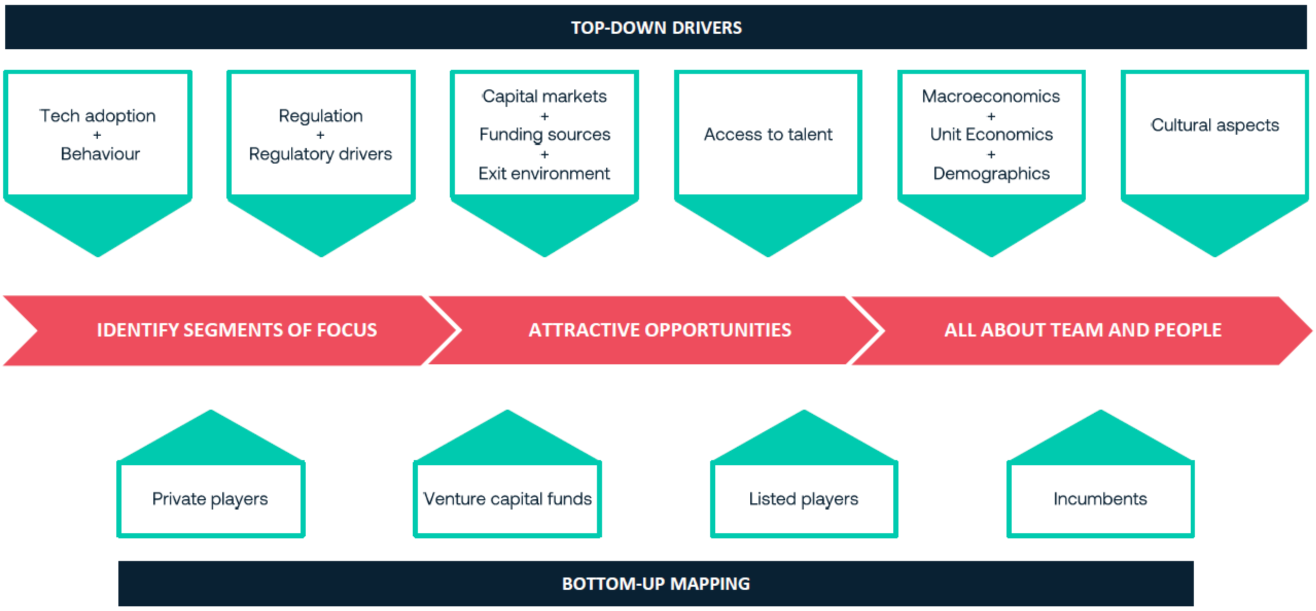


Source: Company data, ABGSC Research

A thorough investment process

VEF uses a country-by-country approach when reviewing existing opportunities, looking at top-down drivers like the regulatory environment, demographics and cultural aspects, while also performing a bottom-up analysis to identify specific opportunities.

VEF's deal sourcing approach



Source: VEF investor presentation August 2021

Investment process takes between six months and two years on average
In simplified and general terms, the investment process usually starts with VEF establishing a connection with the company in question, in order to get to know as much as possible about the business, its people, and the competitive landscape. VEF also carries out an ESG analysis before an investment takes place. Once VEF feels it has sufficient background knowledge, it draws up an investment proposal and presents it to its investment committee. If the proposal gets the green light, VEF performs due diligence on the company, and from time to time it also uses a third party to perform some legal, financial, technical or operational due diligence. When that is done, all that is left are the legal and final closing procedures. Overall, VEF's entire investment process takes between six months and two years on average.

After an investment, the company performs regular compliance reviews and remains an active owner involved in all issues, including ESG. VEF ensures it knows about any potential issues in the portfolio companies, and is involved in areas where it is needed, e.g. in processes or to formulate appropriate policies. The ESG focus in the portfolio companies is often dependent on the development stage of the company but VEF expects the portfolio companies to improve on ESG.

Sustainability is at the heart of VEF's organisation
Sustainability is a core focus of VEF's organisation. Today, 1.7bn people globally are outside the financial system. Nearly half of these live in just seven developing economies: Bangladesh, China, India, Indonesia, Mexico, Nigeria and Pakistan. According to McKinsey, cash was used in three out of four transactions in 2020. The reliance on cash makes savings towards education, healthcare, and emergencies difficult. The World Bank emphasizes that affordable financial services are vital for reducing poverty and for economic growth. Fintech solutions have helped to reduce the cost of financial services in emerging markets and made it possible to reach more people. Access to financial services, especially for women, can increase people's resilience and independence, raise incomes and improve quality of life.

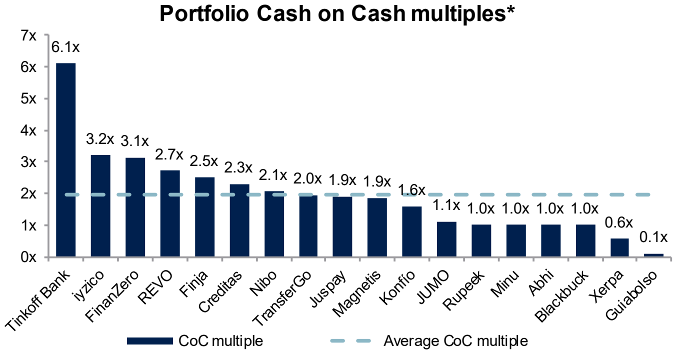
There are different challenges in all the markets where VEF operates. Brazil has among the highest interest rates in the world, Mexico has low penetration of financial services for SMEs, Pakistan has a very large completely unbanked population and India still has a large shadow economy.

The majority of VEF's portfolio companies help to foster financial inclusion by providing services to consumers and SMEs that are underserved or that do not have access to financial services on fair terms. Sustainability is also important as it is likely to benefit the long-term performance of the holdings. In all, this means that sustainability and generating returns go hand in hand.

Two successful and one disappointing exit since inception

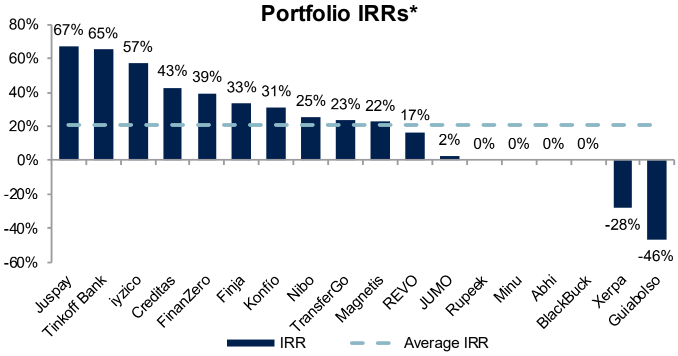
VEF has carried out three exits since its inception. The first was Tinkoff Bank, a Russian digital bank, in 2019, which generated a cash-on-cash (CoC) return of 6.1x and an IRR of 65%. The second was the divestment of the Turkish digital payment provider iyzico, also in 2019, which yielded a CoC return of 3.2x and an IRR of 57%. The latest and third exit was Guiabolso, a personal finance management platform, in July 2021, which only yielded a CoC of 0.1x and an IRR of -46%. Below is an overview of the whole portfolio and its performance.

Portfolio Cash on Cash multiples*



Source: Company data, ABGSC Research | ** Tinkoff Bank, iyzico & Guiabolso has been divested*

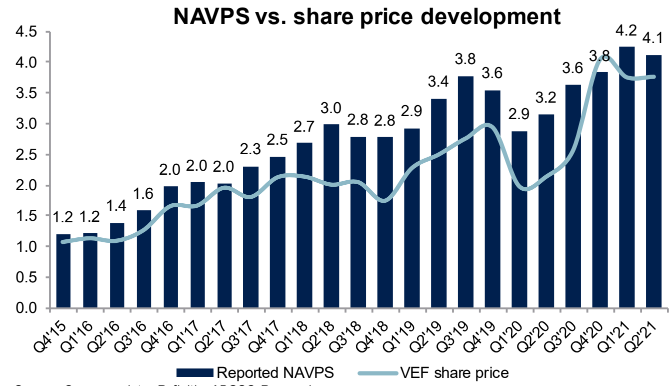
Portfolio IRRs*



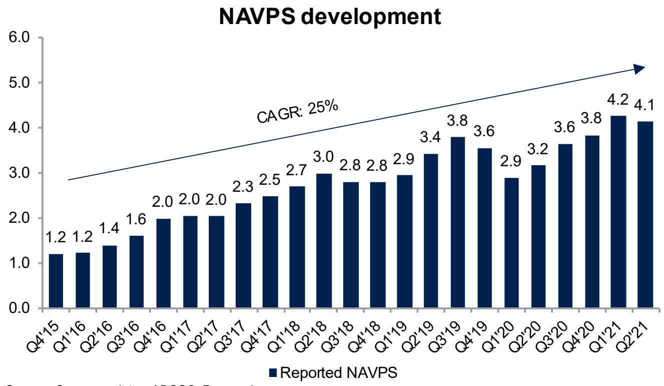
Source: Company data, ABGSC Research | ** Tinkoff Bank, iyzico & Guiabolso has been divested*

NAVPS has grown by a CAGR of 25% since inception

Between Q4'15 and Q2'21, VEF has grown its NAVPS from SEK 1.2 to SEK 4.1, implying a CAGR of 25%. Meanwhile, the VEF stock has traded in a range from a NAV premium of 5% to a NAV discount of 37%. On average over the last five years, it has traded at a discount of 19%. During H2'20, the company saw a strong NAV revaluation due to a sharp appreciation for its Creditas and Konfio holdings, which narrowed the discount. In addition, the company has a mandate in place to buy back shares, if it feels the discount versus the share price has become too wide, and if it deems it the best way to deploy its capital.



Source: Company data, Refinitiv, ABGSC Research



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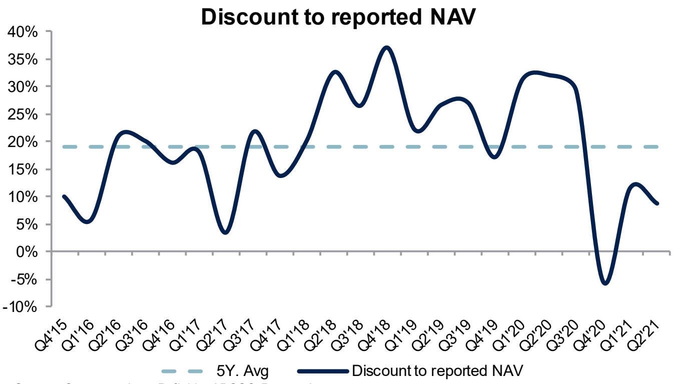

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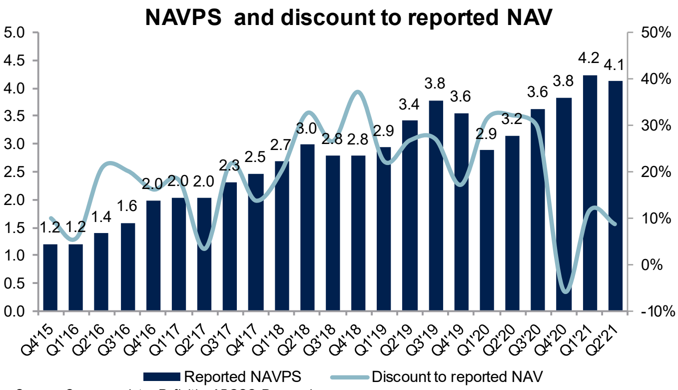
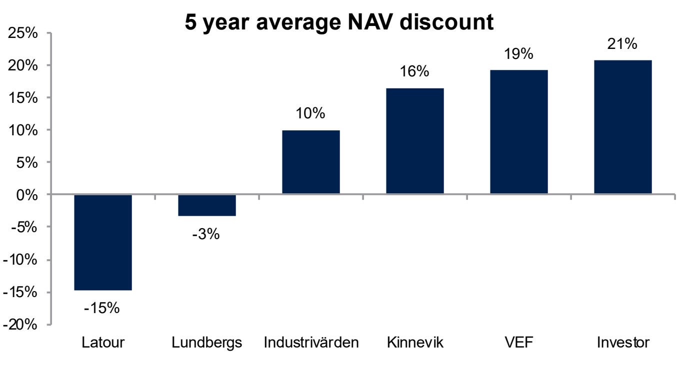


Source: Company data, Refinitiv, ABGSC Research

Trading at a high discount even though it has delivered strong growth
At a 5-year average NAV discount of 19%, we find that VEF is trading well below comparable Nordic investment companies even though it has delivered strong NAVPS growth of 25% (CAGR) since its inception. We believe the main reason for the high historical NAV discount has been the company's short history combined with its low market cap. Looking at the last six months, the NAV discount has narrowed and the share price has fluctuated around the company's NAVPS. Given VEF's current market size, its NAVPS track record and its confidence in the pipeline for continued NAV growth, we do not expect the NAV discount to return to the historical average.



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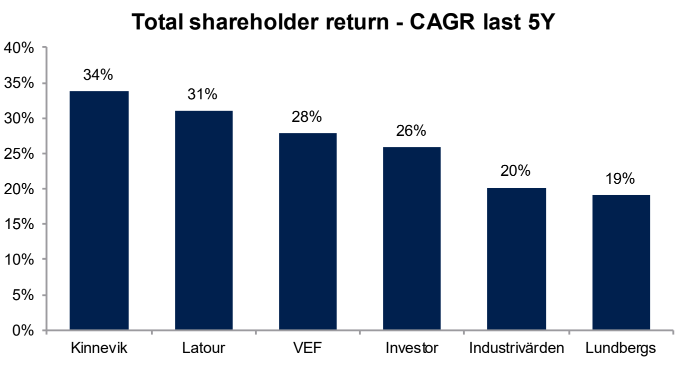


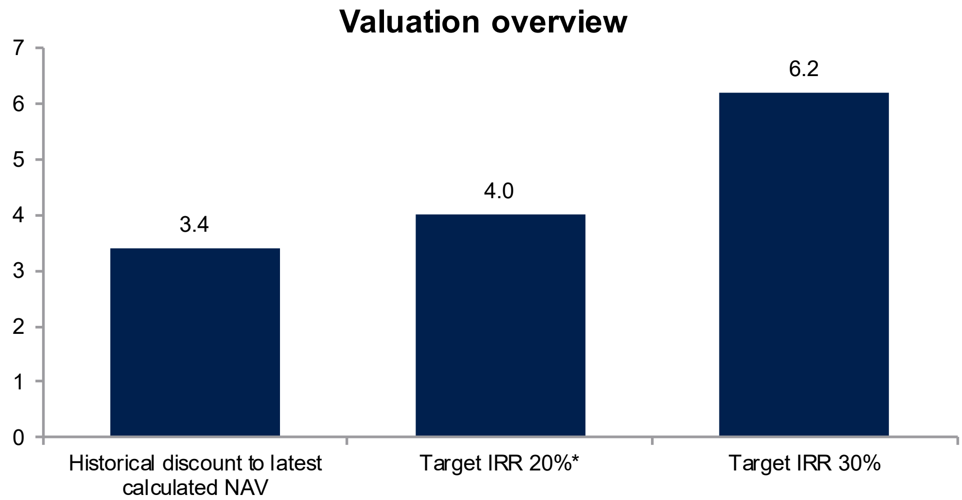
Source: ABGSC Research

High transaction activity and Creditas IPO the main drivers for lower discount
In the short term, we view high transaction activity as positive for the company. From our research into the larger listed names in the investment company space, the market seems to reward active portfolio management with a smaller discount. So, acting in the short-term interests of the shareholders can pay off. In its Q2'21 report VEF highlighted that it has great confidence that H2'21 will bring a continued strong pipeline of portfolio activity and NAV growth.

Another positive, in the medium term, would be a listing of Creditas (the largest of VEF's holdings), which VEF believes will be achieved in 2022. Given how listed Creditas peers are trading, combined with our expectation of continued strong growth, we believe Creditas becoming IPO ready entails material NAV uplift potential for VEF.

Fair value range per share of SEK 3.4-6.2

We have used three approaches to derive a fair valuation range for VEF: 1) a 19% discount to its last calculated NAV, in line with the 5-year average discount; 2) a target IRR of 20%, in line with both the current and historical IRR average, and 3) a target IRR of 30%, in line with VEF's own IRR target. In sum, we arrive at a fair value range of SEK 3.4-6.2.



Source: Company data, ABGSC Research

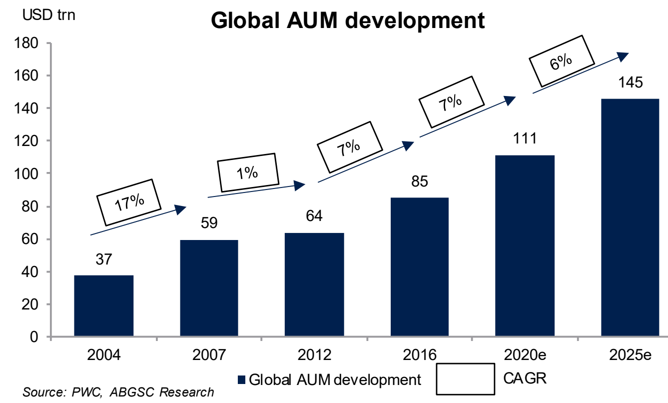
** In-line with the current and historical average of the portfolio*

Positioned for sustainably high growth

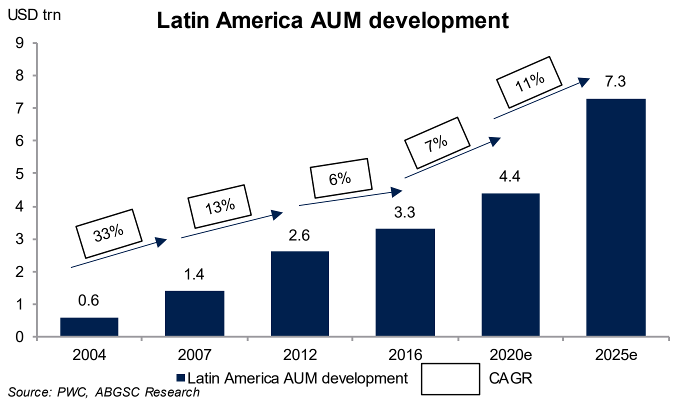
The global private capital market has grown impressively over the last decade, in part driven by the strong track record of industry returns and by investors' search for diversification and outperformance amid capital inflows. We find the opportunity in emerging markets intriguing, since the segment is estimated to account for 50% of global GDP growth over the next 20 years. Since its inception at the end of 2015, VEF has grown its NAVPS by a CAGR of 25%, and the share has outgrown the comparable MSCI Emerging Market Index by more than 150% during the same period.

Strong secular market growth to continue

From 2004 to 2016, global AUM grew from USD 37tn to USD 85tn[1], a CAGR of 7%. The Latin American market grew even faster over the same period, with a CAGR of 15%. PWC estimates that Latin America will continue to outgrow the global market in terms of AUM growth until 2025.



Source: PWC, ABGSC Research



Source: PWC, ABGSC Research

Looking at both the historical growth and future growth in the alternative assets industry, we see the key drivers as:

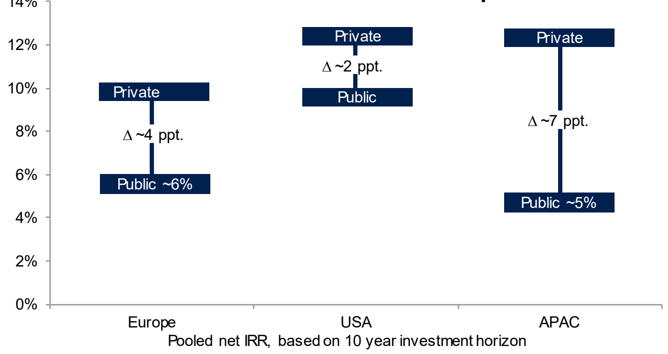
- Superior growth of private markets compared to public markets
- Strong track record of industry returns
- Investors' search for alpha amid significant capital inflows
- Hunt for diversification and downturn protection
- Growing opportunities in emerging markets
- Clients are under-allocated to emerging markets compared to target levels

Outperformance of private markets driving capital inflows

A number of factors have contributed to the historical success of the companies investing in private markets. One key explanation is that private markets have outperformed their public counterparts. For example, a study by Bain & Company shows that private markets have outperformed MSCI Europe (modified public market equivalent) by roughly 4pp on an annual basis over the last ten years. If we look at the performance of the VEF share, it has outperformed the MSCI Emerging Market Index by more than 25pp a year since the end of 2015 (see right-hand chart below).

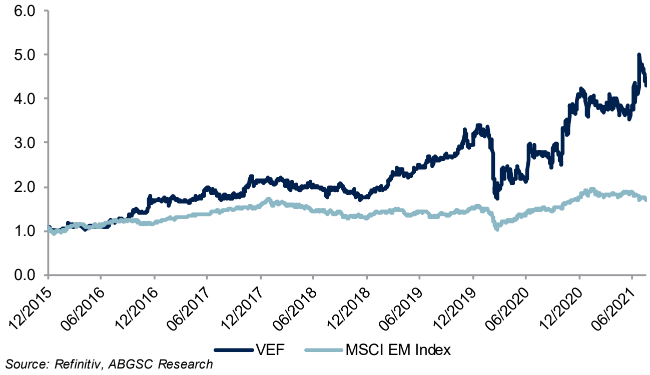
[1] PWC: Asset & Wealth Management Revolution

Private vs. Public market development



Source: Bain & Company: Global Private Equity Report 2019

VEF share price vs. MSCI EM index



Source: Refinitiv, ABGSC Research

This outperformance of private markets has in general been an eye-opener for investors, and thus increased the pool of investors and money targeting private companies. For instance, numerous defined-benefit pension funds in the US and Europe have been running significant liability gaps, while demand among sovereign wealth funds for consistent performance has increased as well. We believe the fact that many institutional investors are under pressure to deliver good returns coupled with the general belief that private markets will continue to outperform, are strong arguments that the inflow of capital will continue. The recent general underperformance of hedge funds has also been a catalyst for capital flowing out of public markets and into private ones.

Hunt for diversification

Institutional investors are always looking to deploy funds in identified investment opportunities, while trying to maintain diversified portfolios. Consequently, allocation to private markets has become attractive as it complements exposure to public assets well. In general, the correlation of alternative asset classes with other assets is low. Adding the fact that private markets remain small compared to the global public equity market, making up only around ~12% of total global savings, there is still significant room for growth[2].

Private markets more resilient than public markets in economic downturns

One could also argue that private markets are more robust in economic downturns. While economic downturns tend to lead to significant capital outflows from the public market, the same is not necessarily true for private markets. Private company capital is often partly locked in and is generally not as liquid as public stocks, which enables VEF to help portfolio companies improve operationally and adapt to the more challenging market.

Opportunities in emerging markets

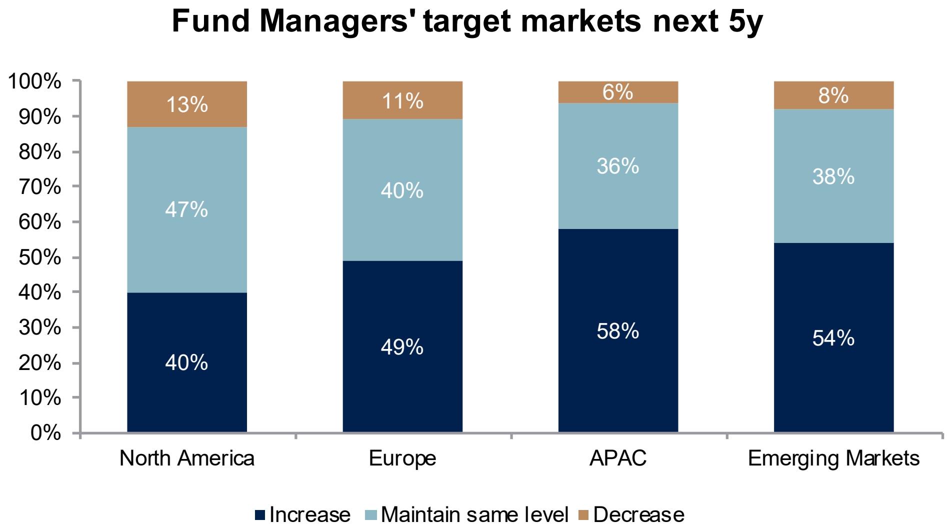
We believe that investment opportunities in emerging markets are sure to be chased given that these markets are estimated to account for 50% of global GDP growth over the next 20 years. According to Preqin, emerging markets have the potential for stronger growth compared to developed markets due to stronger urbanisation trends combined with a younger but also larger labour force[3].

Clients are under-allocated to emerging markets

A survey from Preqin shows that 99% of investors intend to increase or maintain their allocation to private markets. We therefore consider it likely that capital inflows into these markets will be significant over the coming years. Another survey from

[2] PWC: Asset & Wealth Management Revolution: Embracing Exponential Change
[3] Preqin Global Private Equity Report

Preqin shows that a majority of investors (92%) intend to increase – or maintain – their allocation to emerging markets, which adds merit to the above conclusion that inflows will increase and also suggests that clients are under-allocated in the segment compared to target levels.



Source: Preqin Fund Manager Survey

Increase in dry powder could limit future returns

Amid the increasing interest to invest in private markets, partly driven by the low-interest-rate environment, the amount of dry powder has increased as well. Increasing amounts of excess funds in the private markets have had a positive effect, since it should have made it easier to exit portfolio companies given that the demand for assets to allocate capital to has increased. On the other hand, it has become harder to find new investments because more investors with excess capital are competing for the same assets. This is helping to drive up current valuations, but as a result could also limit future returns. In fact, VEF has highlighted high valuations as one reason why it historically has been so selective in relation to the Indian market.

Operational improvements the key driver of returns

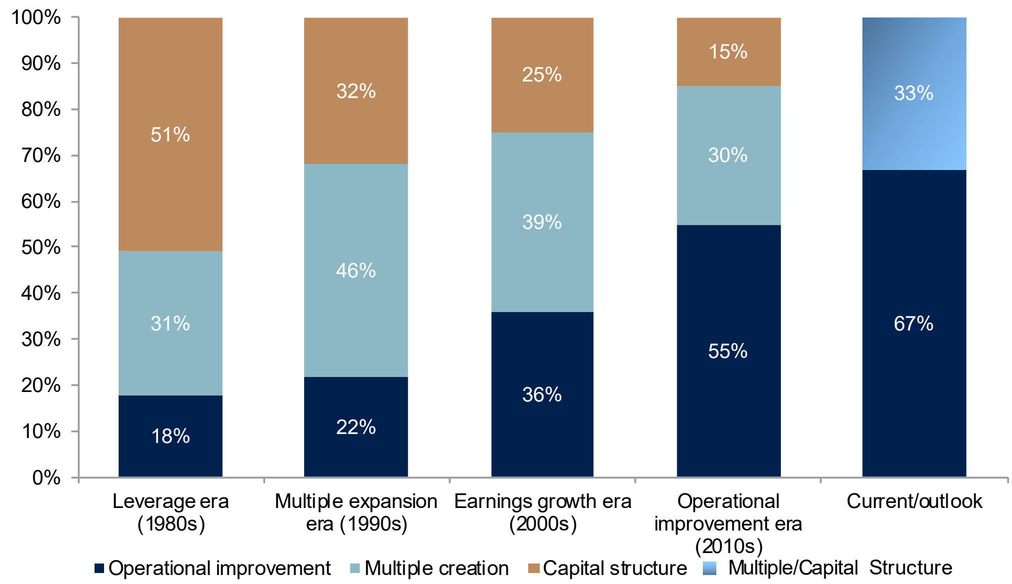
An interesting study by EY and Partners Group shows that operational improvements have been the key driver of returns for companies investing in private markets. Looking back, the famous RJR Nabisco leveraged buyout deal of 1989 triggered a boom in buyout deals, in which one of the key components for value creation was financial engineering and capital structure optimisation.

Since then, studies have shown that the driving sources of value creation in private markets have undergone significant transformation. The chart below, based on the study from EY and Partners Group, demonstrates how value creation has gone from primarily being generated by capital structure optimisation in the 1980s, to multiple expansion in the 1990s, and finally to operational improvement[4].

In the current environment, with low interest rates, higher multiples and tougher competition in private markets, it is likely that operational improvement measures will become even more important. We believe this speaks in favour of VEF and its niche as the company only invests in fintech growth segments rather than in cyclical, capital-intensive industries.

[4] Ernst & Young, Partners Group

Evolution of return drivers



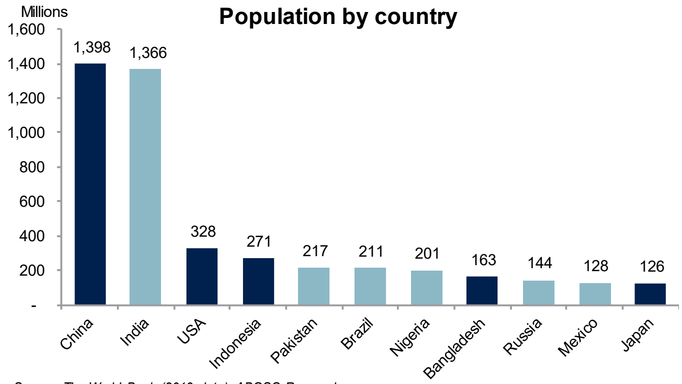
Source: EY & Partners Group for data, ABG Sundal Collier for chart

An emerging market play

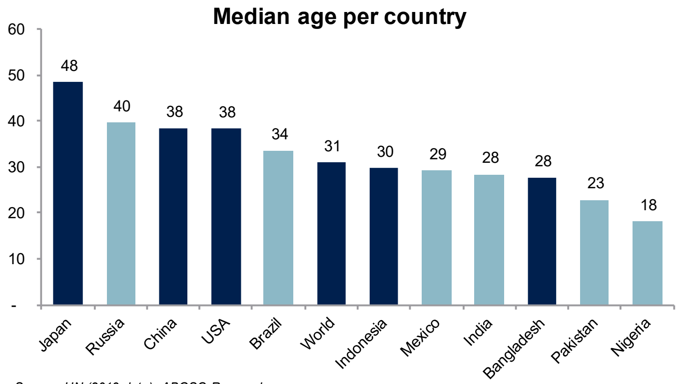
We argue that VEF offers an interesting opportunity as there are currently few ways to tap into the growing digital fintech theme in either public markets or emerging markets. VEF targets all lines of financial services, including payments, credit, savings and investments, in emerging markets, preferably in highly populated and scalable markets, like Brazil, India, Mexico and Pakistan, as these represent the largest structural growth opportunities.

VEF's geographies have supportive demographic trends…

VEF targets geographies that in general have a large addressable market and a younger average age than in many developed countries. These two factors allow for scalability and a higher adoption of digital fintech services. A case in point is Brazil, which is VEF's largest market and constitutes approximately 55% of its NAV; it is one of the world's largest economies, with a population of over 200m. Its population is also relatively young, with a median age of 34 years. Brazil thus has favourable demographic trends, offering both single-country scalability and a young population.



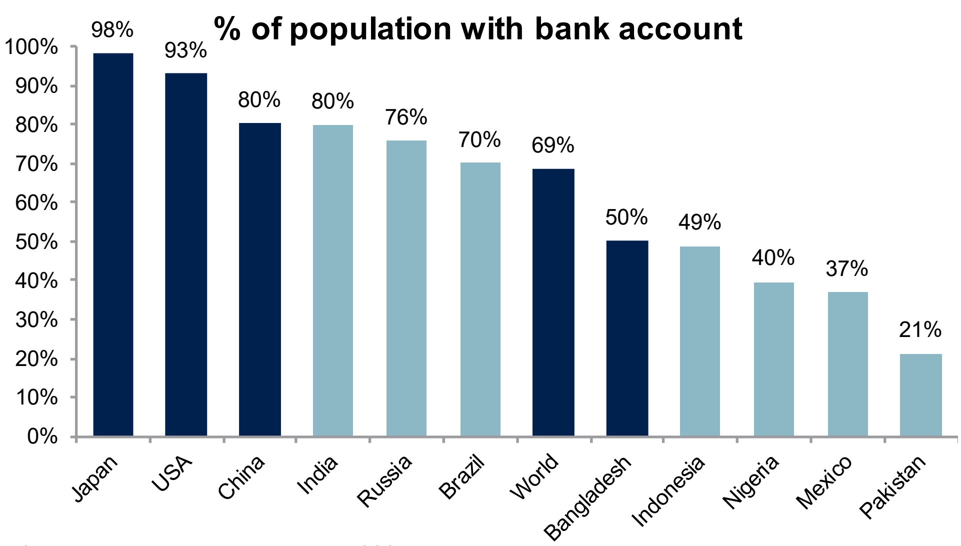
Source: The World Bank (2019 data), ABGSC Research



Source: UN (2019 data), ABGSC Research

…and are also underbanked…

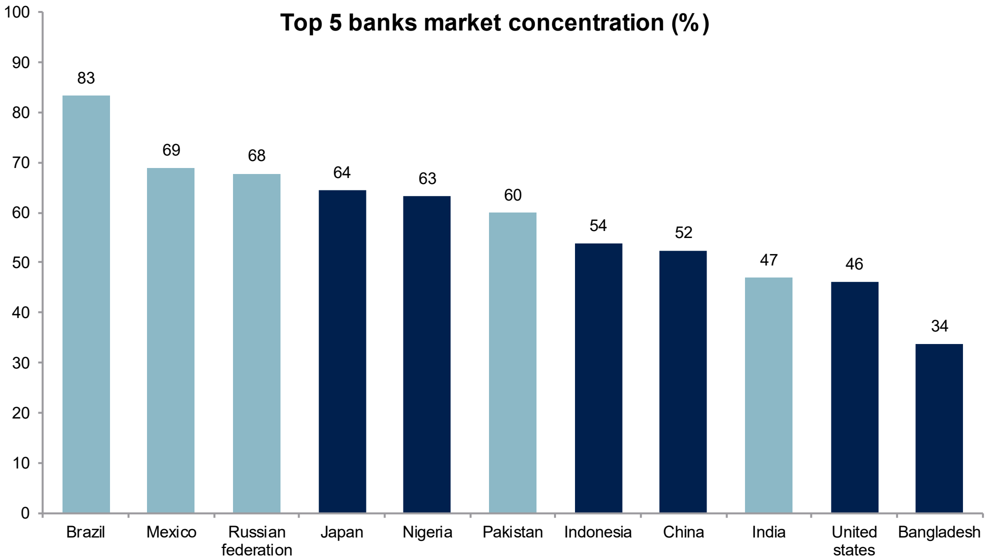
In addition to favourable demographics, the penetration of banking services in VEF's geographies is relatively low compared to many developed markets. For example, in Brazil, only 70% of the population has a bank account, according to the World Bank, while in developed markets such as Japan and the US, the corresponding percentages are 98% and 93%, respectively. This gives rise to opportunities for fintech companies to develop services for these underbanked regions.



Source: The World Bank (2017 data), ABGSC Research

…with high market concentration

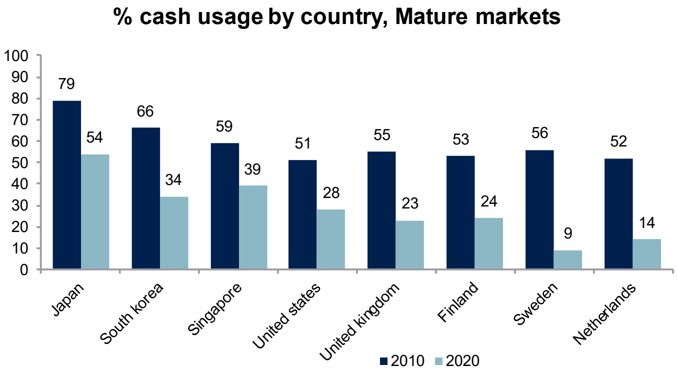
The markets which VEF is exposed to are characterized by a high market concentration. Brazil stands out with a concentration of 83% for the five largest banks. We think that a high market concentration creates a structural opportunity for fintechs to take market shares with innovative solutions as the banked population increases. Technology disrupts the need for multiple bank branches when expanding and we think a large share of new customers could be acquired directly through mobile apps and similar solutions, creating an opportunity for sharper fintech growth in underbanked areas than in mature markets.



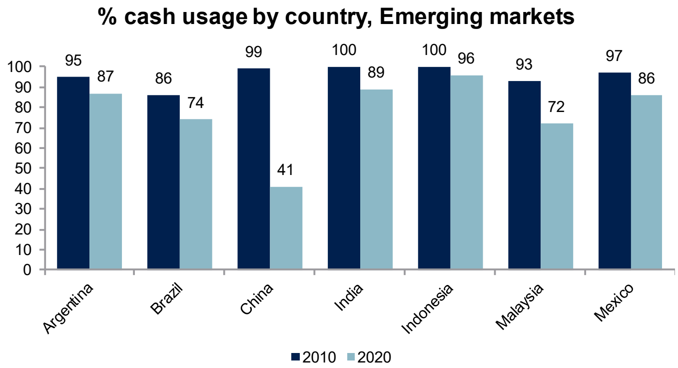
Source: The World Bank (2017 data), ABGSC research

Share of digital payments is growing worldwide…

The outbreak of COVID-19 accelerated the transition to electronic payments both in mature and emerging markets. The steep reduction of in-person purchases led to fewer cash transactions and lower ATM use. In some countries, merchants have refused to accept cash, which has further accelerated the growth in digital payments. McKinsey estimates that non-cash transactions increased from 31% in 2019 to 35-36% in 2020, a 4-5 times larger increase in non-cash transactions than observed annually in the previous five years. In China, for example, it seems the trend accelerated once cashless transactions became established, leading to higher growth after initial penetration.



Source: McKinsey, ABGSC research

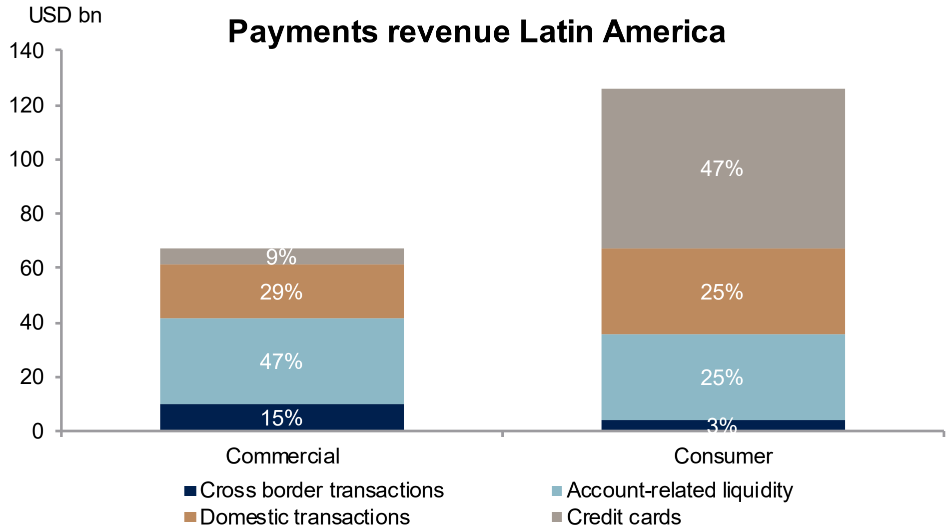


Source: McKinsey, ABGSC research

…leading to higher total payment revenues

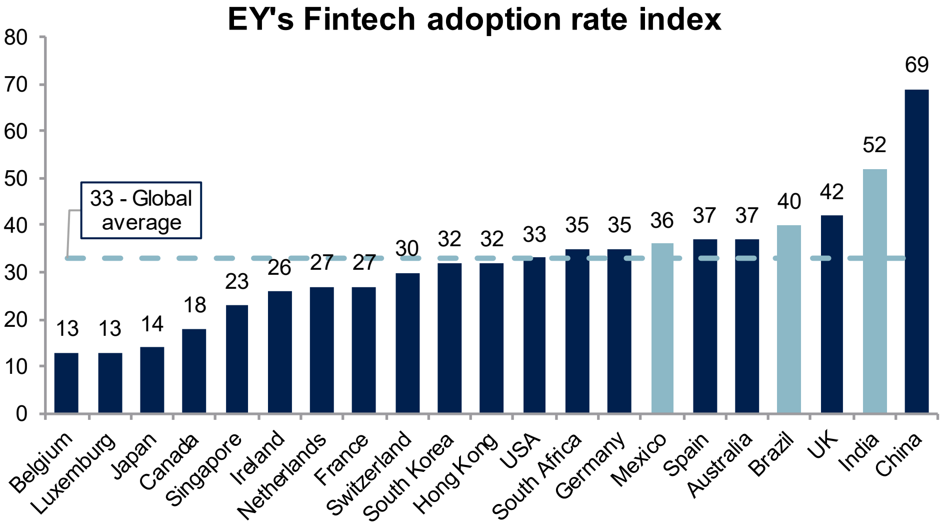
As non-cash transactions have increased, the total revenue from payments has also risen. The ability of financial companies to charge fees on cash transactions is small to non-existent. The correlation between increased payment revenue growth and electronic transaction growth is clear. Countries seeing superior electronic transaction growth are also seeing superior payment revenue growth. Between 2014 and 2019, nominal global GDP has grown at a CAGR of 4.9% while global payments have grown at a CAGR of 5.9%.

Latin America, VEF's largest market, is the geographical region where payment revenue is growing the fastest, according to a McKinsey report. The market is dominated by consumer revenue, while commercial revenue is smaller. We think there is large potential for the commercial segment to catch up over the coming years and outgrow the consumer segment. This would be more in line with the situation in the Asia-Pacific and EMEA markets and would be beneficial for companies like Konfio, VEF's second-largest holding, which has a large exposure to SME lending in Mexico.



Source: McKinsey (2019 data), ABGSC research

High fintech adoption rates indicate structural growth opportunity…
When it comes to fintech adoption, many of VEF's key markets (Brazil, India, Mexico) score relatively high, well above the global average, according to EY's Global Fintech Adoption Index. 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. In our view, this high rate of adoption in key markets in combination with VEF's geographies being underbanked, provides a structural growth opportunity for many of VEF's portfolio companies for many years to come.

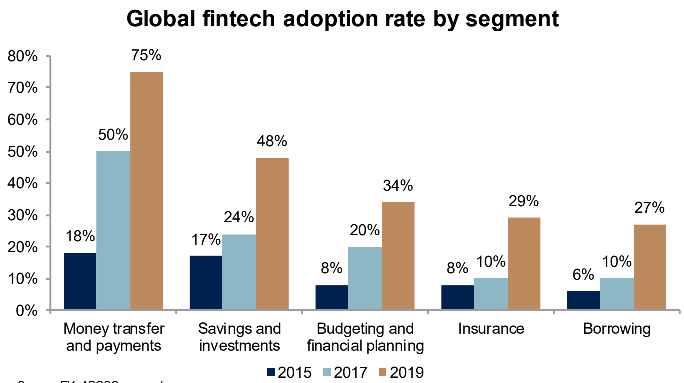


Source: EY, ABGSC Research

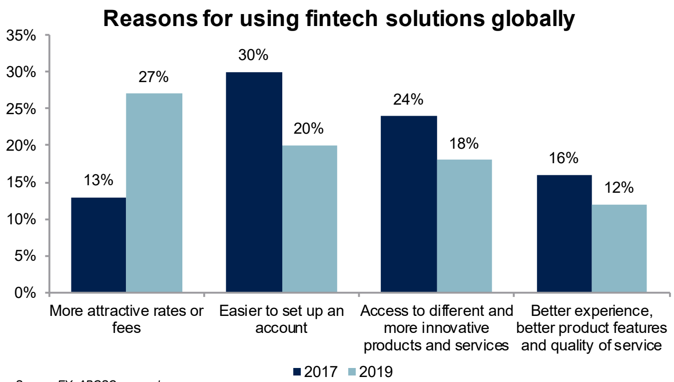
… and adoption rate growing in all fintech segments

The global fintech adoption rate has grown strongly in all segments in recent years. As of 2019, money transfer and payments is the segment with the highest fintech adoption rate, at 75%. Since 2015, however, the fastest-growing segment has been borrowing, with a CAGR of 46%, followed by budgeting and financial planning at 44%, money transfer and payments at 43%, insurance at 38% and savings and investments at 30%. VEF has exposure to all these segments, but with a large exposure to borrowing, we believe the company is well positioned to capture future growth in fintech.

There has also been a change since 2017 regarding the reason for using fintech. The main reason now is more attractive rates and fees instead of how easy it is to set up an account. Creditas, compromising 42% of VEF's NAV, is well positioned to benefit from the trend of increased demand for lower fees and rates, offering Brazilian customers affordable rates of 10-15% compared to traditional consumer loans and credit cards, which often have rates of over 100% p.a.



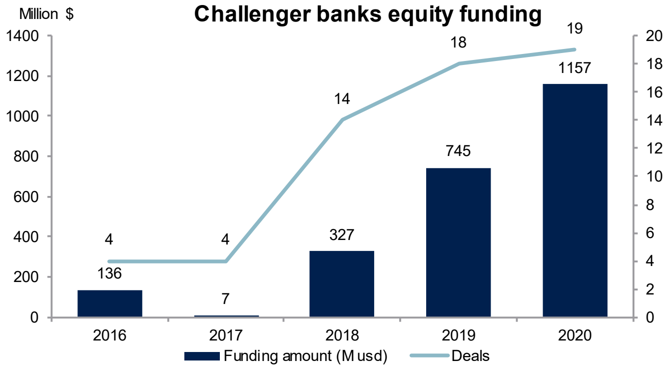
Source: EY, ABGSC research



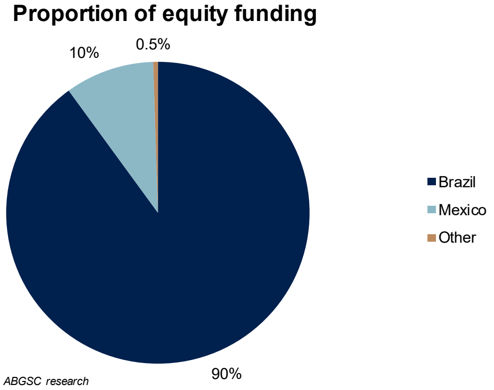
Source: EY, ABGSC research

Increased interest in Latin American challenger banks among investors

VEF's key markets in Latin America have received an increasing amount of funding and interest from investors in recent years. Since 2016, the amount of funding has grown at a CAGR of 71%. Funding of challenger banks is dominated by Brazil and Mexico, the two largest markets for VEF, with 18 out of 19 deals in 2020. Brazil accounted for the largest amount of funding in 2020, at 90% of total funding, while Mexico stood for the second-largest amount at 10%. We view this as an indication of the increased attractiveness of this type of exposure in the investor community, which speaks well for VEF and its exposure.



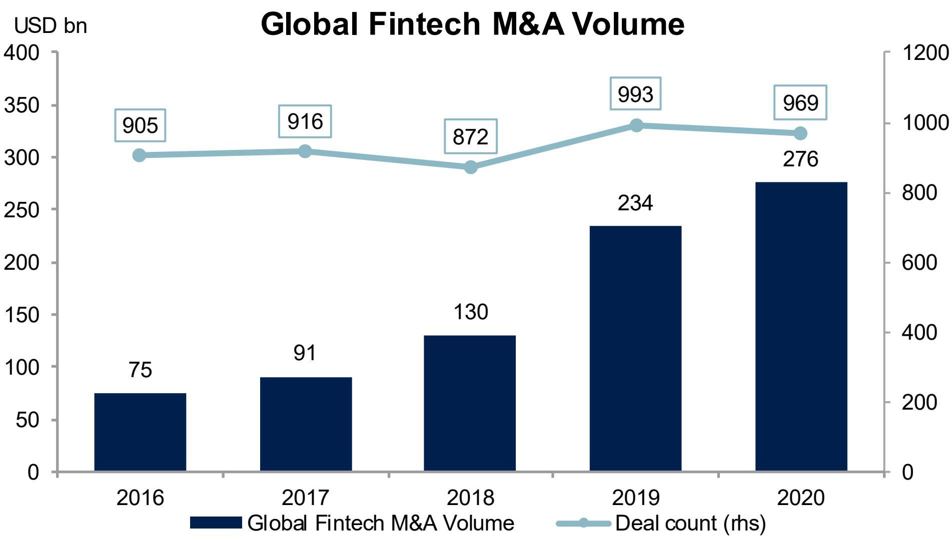
Source: CBInsights, ABGSC research



Source: CBInsights (2020 data), ABGSC research

Global fintech M&A volumes are increasing

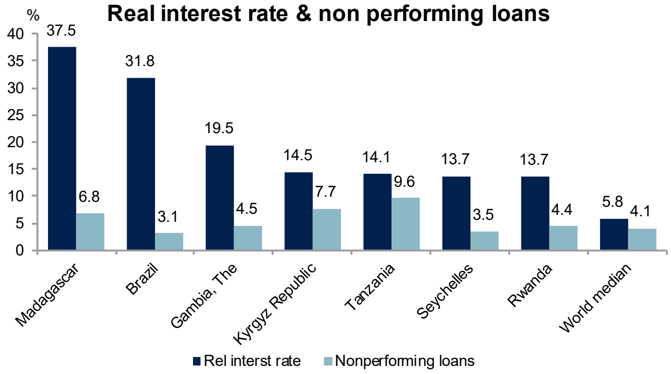
Global fintech M&A volumes grew by 18% in 2020, despite COVID-19, which we believe has hampered transaction activity. For example, looking at VEF's largest portfolio holding, Creditas, which operates in Brazil, the company has acquired and invested in four companies so far during 2021, and VEF expects M&A to continue to drive its expansion. Brazil overall has a history of value creation through both M&A and IPOs. The Brazilian fintech ecosystem has seen exits of success stories such as PagSeguro Stone, Banco Inter and XP, companies with market caps ranging from USD 10bn to USD 25bn. Looking at the overall fintech sector, there has been a flurry of M&A and exit activity over the last couple of years.



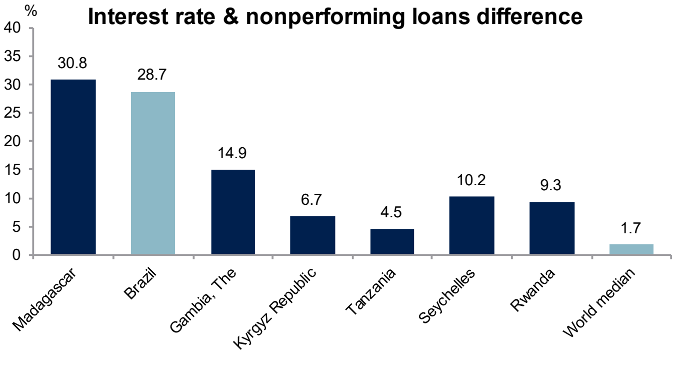
Source: VEF, ABGSC Research

Brazil – a window of opportunity for fintechs

As highlighted, Brazil has favourable demographic trends, offering both single-country scalability and a young population. In addition, Brazil's banking market is highly concentrated, with the top five banks holding over 80% of total loans in the system. Meanwhile, the fees and interest rates are some of the highest anywhere in the world, driven by the strong oligopoly in the banking market combined with a lack of reliable credit history. The interest rates on credit cards and overdrafts can be well above 100% (APR). At the same time, Brazil has a low amount of nonperforming loans. This creates a large opportunity for disruption in the credit market given the huge gap between real interest rates and nonperforming loans.



Source: World Bank (2019 data), ABGSC Research



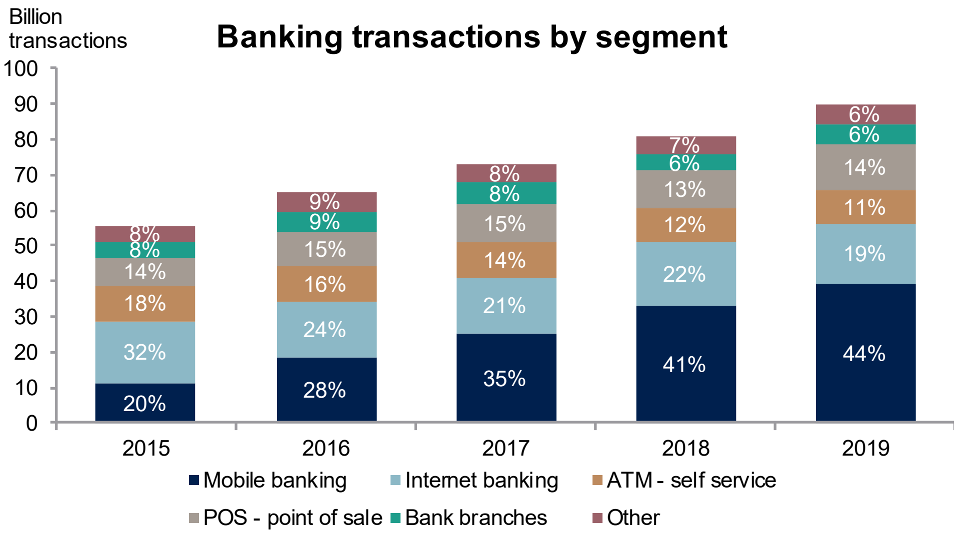
Source: World Bank (2019 data), ABGSC Research

Regulators supportive of the fintech sector

Mr Campos Neto, the president of Brazil's central bank since 2019, has been clear that Brazil should "democratise" its financial sector, saying that he wants to remove the bureaucracy around opening bank accounts, obtaining company funding and setting up new financial platforms. The central bank has been supportive of the fintech ecosystem, viewing fintechs as contributing to the financial wellbeing of the average Brazilian. In 2021, the Open Banking initiative was launched in Brazil with the aim to increase efficiency and competition within the national financial system. We believe that Brazil offers a unique opportunity for fintech companies to disrupt a regulated, oligopoly market that is opening up, with regulatory tailwinds for the majority of VEF's portfolio companies, as Brazil constitutes more than 50% of the current portfolio.

Amount of transactions is growing…

The amount of transactions in Brazil has grown at a CAGR of 13% since 2015. This has mainly been driven by two types of transactions: point-of-sale (POS), which has grown at a CAGR of 14%, and mobile banking, which has grown at a CAGR of 37% in the same period. As a result of the rapid growth, mobile banking accounted for 44% of transactions in 2019, and we do not expect this trend to change as Brazil becomes a more cashless society.

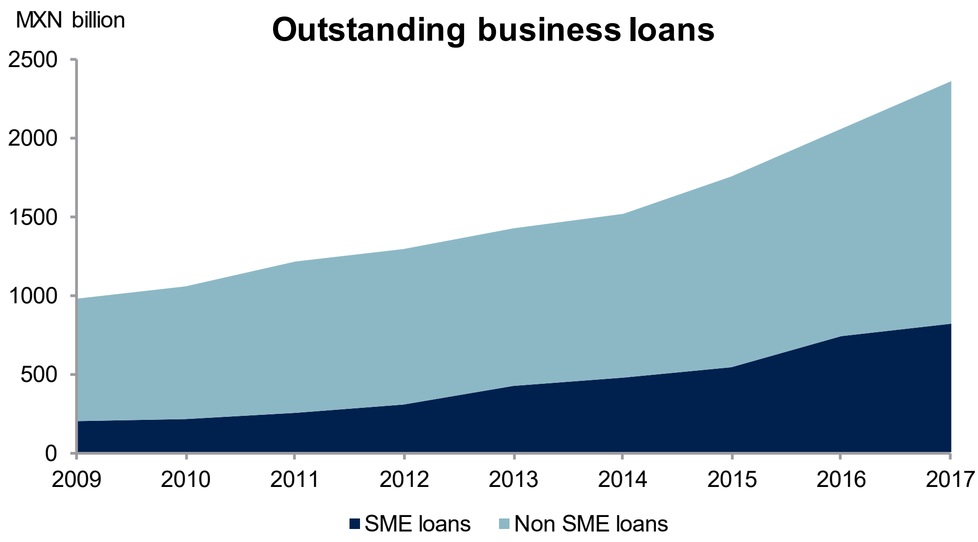


Source: Deloitte, ABGSC research

Mexico – a growing SME opportunity

There are approximately 7m SMEs in Mexico that employ 47% of the total workforce and represent 12% of total gross production. A large majority of the SME credit volume, 67%, is simple credit with loan maturities between 21 and 60 months.

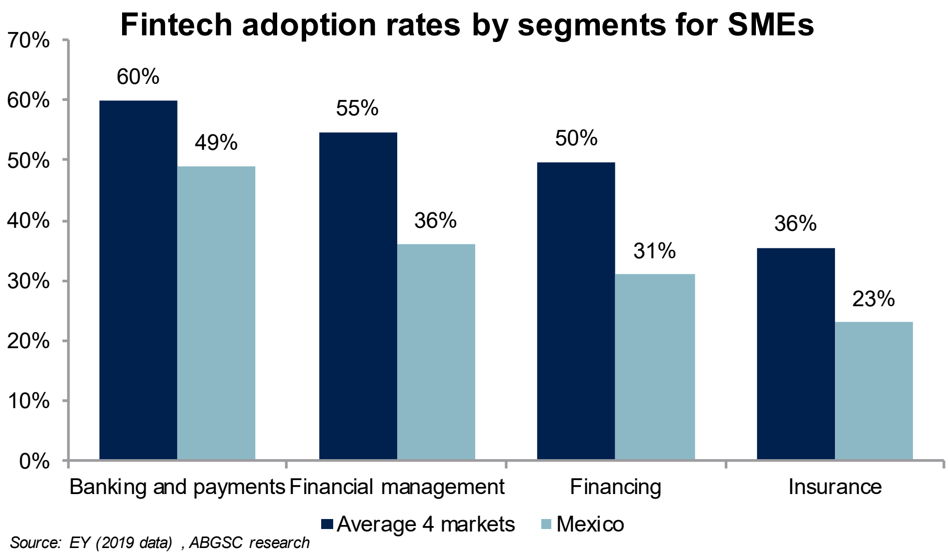
SME loans as a percentage of total loans have increased from 20% to 35% between 2009 and 2017, corresponding to a CAGR of 19%. The interest rates on these loans has also increased during this time, and the spread between SME loans and large business loans has increased from 3.0% to 5.9% in the same period. With the volume and interest rate spread of SME loans increasing, this creates an opportunity for companies exposed to SME loans, such as Konfio, VEF's second-largest holding, with 19% of the NAV.



Source: OECD, ABGSC research

Room for increased fintech adoption in Mexico

Looking at the fintech adoption rates by segment, SMEs in Mexico mainly choose fintech solutions for banking and payments, followed by financial management, financing and lastly insurance. Compared to the average of four other markets surveyed by EY, the largest differences are in financial management and financing. The relatively low fintech adoption among SMEs in financing benefits the market of Konfio, which we believe could grow significantly in the coming years.



Source: EY (2019 data) , ABGSC research

India and Pakistan – strong digital payments growth

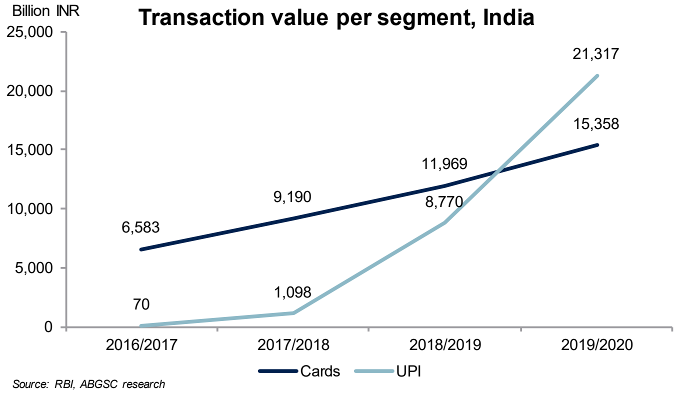
India and Pakistan also offer favourable demographic trends, with single-country scalability and young populations. VEF has three investments in India and two in Pakistan. Cash stood for 89% of payments in India in 2020, according to market research done by McKinsey, while Globaldata claims that cash payments accounted for 99% of total transactions in Pakistan in 2019. With huge populations, roughly 1.4bn in India and around 200m in Pakistan, this implies great opportunities for market growth.

In India, the transaction segments that are growing the fastest are internet and mobile transactions. In 2016, the Unified Payments Interface (UPI) was launched. This interface is regulated by the Reserve Bank of India and instantly transfers funds between two user accounts and can be used solely on mobile devices. Digital wallets in India are becoming obsolete, and with over 100m users of UPI, it is a good indicator of mobile growth in India. The transaction value with UPI in 2020 amounted to INR 21tr, an increase of 143% compared to 2019. So, in just four years of existence, the value of UPI transactions has passed the value of credit and debit card transactions, which is growing at 40% annually.

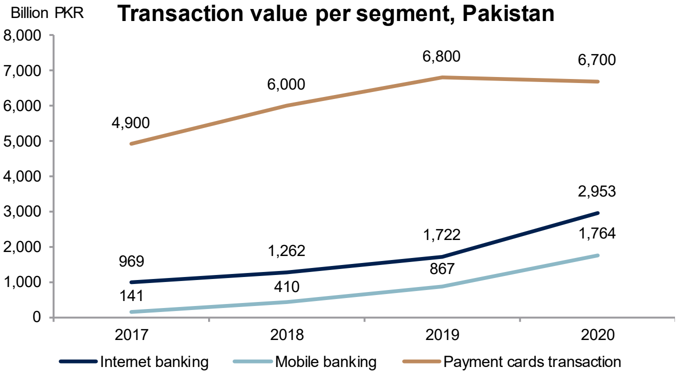
Pakistan is also seeing sharp growth in mobile banking payments and internet banking payments, but from lower levels. Internet banking has grown from PKR 1.0tr to PKR 3.0tr between 2017 and 2020, while mobile banking payments have grown from PKR 0.1tr to PKR 1.8tr. Similar to India, mobile and internet banking payments are outgrowing payment card transactions. The value of internet and mobile banking transactions still amounts to less than 1% of the total transactions in the financial system, a financial system that only represents a small part of the total transactions due to the large amount of cash payments.

VEF has exposure through Juspay and Finja

VEF has exposure to the attractive digital payments markets in both India, through Juspay representing 6% of NAV, and Pakistan, through Finja representing 2% of NAV. We think these underlying trends in India and Pakistan will continue given the large share of cash transactions, and that mobile and internet payments will continue to outpace card payments in both markets. Consequently, we expect to see continued strong growth for both Juspay and Finja in the coming years.



Source: RBI, ABGSC research



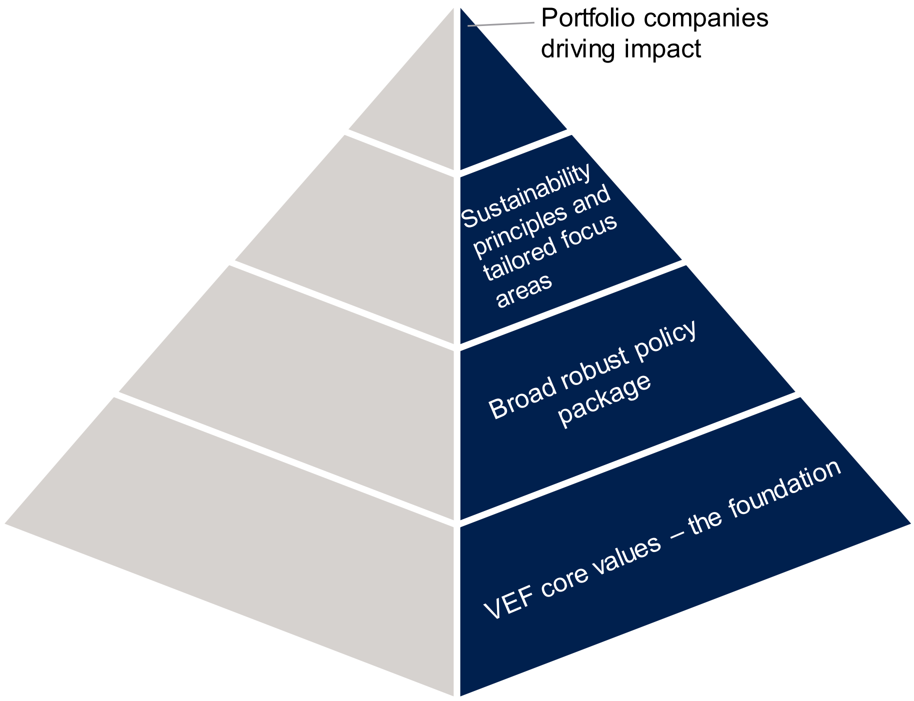
Source: SBP, ABGSC research

Portfolio companies on the front line of sustainable finance

Sustainable business practices are implemented into all companies in which VEF invests, and the company is a strong believer in the positive impact that fintech companies in emerging markets can have on society. Since VEF in general aims to acquire minority stakes (~10-20%) in order to get board representation, it can influence the portfolio companies in ESG-friendly directions.

The core values in VEF's sustainability work are stewardship, integrity, respect for people and diversity, and positive impact. Investment decisions are driven by a conviction that companies should have sustainability as a fundamental part of their business and by a belief in the power of active shareholding, to ensure governance and responsible business practices.

VEF: Sustainability thinking in brief



Source: Company data

The majority of VEF's portfolio companies help to foster financial inclusion by providing services to consumers and SMEs that are underserved or that do not have access to financial services on fair terms. This is in line with the United Nation's Sustainable Development Goals, as giving people and SMEs access to financial services can help to reduce poverty, hunger and inequality. Sustainability is also important as it is likely to benefit the long-term performance of the holdings.

Sustainability is at the heart of VEF's organisation as well. This is important in order to have credibility when implementing sustainable business practices in the holdings, where the focus lies on business ethics, responsible financing and financial inclusion. VEF is also a signatory of the Responsible Finance Forum, a global community that promotes responsible investing and practices within fintech. The goal of the organisation is to strengthen the resilience of digital finance customers and their ecosystems.

Investment process and follow up

VEF carries out ESG analysis both before and after an investment has taken place. Before an investment, VEF analyses the exposure to ESG risk. The ESG considerations are discussed from an early stage with the belief that if it's not ethical it's not scalable. An in-house ESG assessment is made before all investments, focused on VEF's core areas: business ethics, responsible finance and financial inclusion.

After an investment, the company performs regular compliance reviews and remains an active owner involved in all issues, including ESG. VEF ensures it knows about any potential issues in the portfolio companies, and is involved in areas where it is needed, e.g. in processes or to formulate appropriate policies. The ESG focus in the portfolio companies is often dependent on the development stage of the company but VEF expects the portfolio companies to improve on ESG.

Financial inclusion – a problem for over 1bn people

Today, 1.7bn people globally are outside the financial system. Nearly half of these live in just seven developing economies: Bangladesh, China, India, Indonesia, Mexico, Nigeria and Pakistan. According to McKinsey, cash was used in three out of four transactions in 2020. The reliance on cash makes savings towards education, healthcare, and emergencies difficult. The World Bank emphasizes that affordable financial services are vital for reducing poverty and for economic growth. Fintech solutions have helped to reduce the cost of financial services in emerging markets and made it possible to reach more people. Access to financial services, especially for women, can increase people's resilience and independence, raise incomes and improve life quality.

There are different challenges in the different markets where VEF operates. Brazil, for example, has among the highest interest rates in the world, Mexico has low penetration of financial services for SMEs, Pakistan has a very large completely unbanked population, and India still has a large shadow economy. The companies VEF invests in generally aim to solve some of these issues.

Selected portfolio companies improving financial inclusion

Creditas, an online platform in Brazil, enables affordable rates to consumers in a country where consumers pay some of the world's highest rates. Creditas charges 80-90% lower annual rates on secured consumer loans compared to traditional unsecured consumer lending and credit card rates of 100-400% per annum.

Konfio, a diversified financial services company in Mexico, offers unsecured loans to SMEs in Mexico. SMEs in Mexico have traditionally been underserved, and only three out of 10 businesses have access to formal credit, even though many of the underserved are creditworthy. On average, sales of the served companies increase by 25% after receiving loans from Konfio, according to VEF. Of the companies served, 41% are sole proprietors, 1/3 are owned by women and more than 50% are first-time users of formal financial services.

Jumo, a mobile money marketplace operating in Africa and Pakistan, lends to formal and informal SMEs who often don't receive any financing from traditional banks. For 60% of the company's customers, the interaction with Jumo is the first interaction with financial services. The company has served more than 18m customers with over USD 2.5bn raised funds. 27% of its customers earn less than USD 2 per day, one third are women and 21% of the customers live in rural areas.

Finja, a digital lending and payments platform in Pakistan, offers loans specifically to MSMEs. In Pakistan, only 21% of adults have a bank account and 2% of adults and 7% of SMEs receive formal credit from financial institutions. With its lending platform, Finja addresses underserved populations of more than 200,000 retail customers and 3,000 MSMEs.

Change of domicile from Bermuda to Sweden

As a natural step in VEF's ESG journey, the company has changed domicile from Bermuda to Sweden. The move was completed in July 2021. We believe this will improve the company's ESG profile, enabling it to have a more modern governance structure and thus help it to attract capital from a wider group of investors.

ESG overview - Strengths vs. weaknesses	
Key strengths	- increasing the accessibility of financial services - increasing affordability of financial services - help individuals to avoid expensive credit
Key weaknesses	- low transparency in the portfolio holdings - increased consumer credit could reduce financial stability

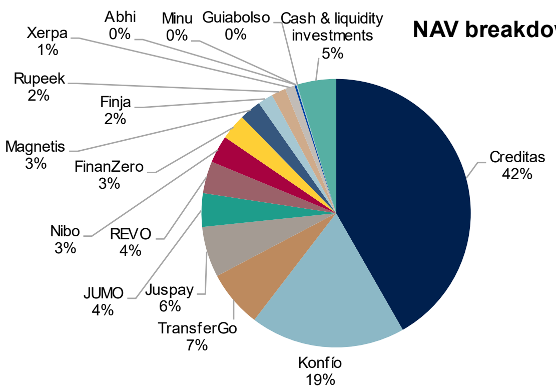
Source: Company data, ABGSC Research

Portfolio overview

VEF's portfolio companies are focused on fintech solutions in emerging markets where financial services are underpenetrated. As of Q2'21, VEF's portfolio consisted of 15 private companies with a fair value of USD 386m. The largest holding is Creditas, a Brazilian fintech that offers secured lending through a digital platform, accounting for 42% of NAV. The second-largest holding, accounting for 19% of the NAV, is Konfio, which offers diversified financial services to Mexican SMEs.

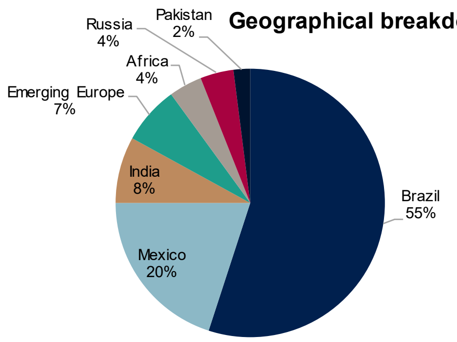
15 portfolio companies diversified by business model and development stage
VEF focuses on the fintech sector, including payments, credit, mobile money and financial marketplaces. It strives to find the best entrepreneurs in each market, and it currently has a portfolio of 15 holdings diversified by region, business model, and stage of development. Creditas, which offers a digital platform for secured lending in Brazil, is its largest holding, accounting for 42% of the NAV. The second-largest holding, accounting for 19% of the NAV, is Konfio, a provider of diversified financial services, including loans and credit, to Mexican SMEs. In terms of geographical breakdown, Brazil is the largest market in the portfolio, accounting for 55%. Latin America as a whole accounts for 74% of the portfolio NAV.

NAV breakdown - Q2'21



Source: Company data, ABGSC Research

Geographical breakdown - Q2'21



Source: Company data, ABGSC Research

Valuation approach – NAV revalued on a quarterly basis
VEF revalues its portfolio and sets a new NAV on a quarterly basis. The fair value of each holding is based on either the latest investment round or by using a mark-to-model approach. Initially, a company's valuation is assessed on the basis of the valuation set in the latest investment round for a period of up to 12 months after the transaction, at which point the valuation is considered stale.

12 months after the transaction, the valuation of the company is moved to a mark-to-model approach. VEF management signs off on 12-month rolling company forecasts. It then uses the most logical company variable (AUM, revenue, EBITDA) against an average market peer group multiple to arrive at a fair valuation. The process is overseen and signed off on by the valuation and audit team at PwC.

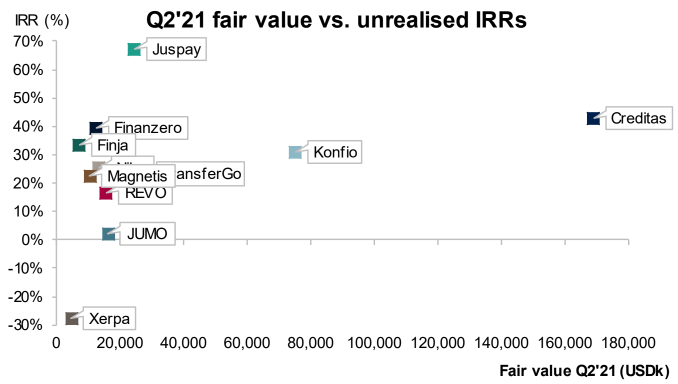
Portfolio snapshot – Creditas, Konfio, Juspay and FinanZero stand out
The table below gives a snapshot of the portfolio as of the Q2'21 report, including invested amount, latest fair value, unrealised IRR and CoC (cash-on-cash) multiple. Creditas and Konfio stand out as the two largest companies in the portfolio, but also the holdings with among the strongest IRR development so far. Juspay (IRR of 67%) and FinanZero (CoC multiple of 3.1x) also stand out as the two companies with the highest IRR and CoC multiple, respectively, at present.

VEF portfolio overview

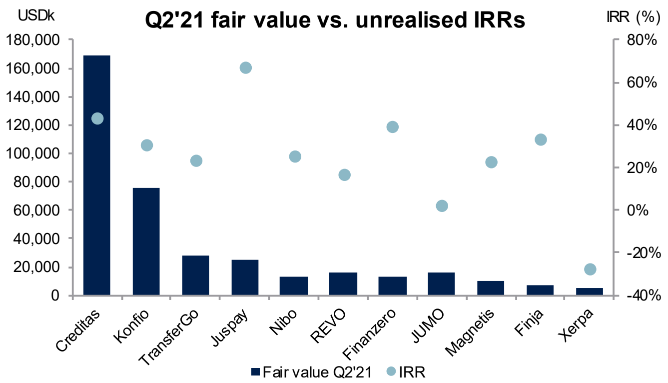
Company	Country	Segment	Inv. Date	Ownership %	Invested amount (USDm)	Fair Value (USDm)	% of VEF's portfolio	IRR	CoC multiple	Valuation method
creditas	Brazil	Asset focused Ecosystem	Dec-17	9.8%	73.4	169.0	44%	43%	2.3x	Latest transaction
konfio	Mexico	SME lending	Jun-18	10.6%	47.3	75.4	20%	31%	1.6x	Latest transaction
transferGo	Emerging Europe	Cross-border remittances	Jun-16	14.3%	13.9	27.8	7%	23%	2.0x	Mark-to-model
JUSPAY	India	Payments	Apr-20	9.9%	13.0	24.7	6%	67%	1.9x	Mark-to-model
JUMO	Africa	Mobile money marketplace	Oct-15	6.8%	14.6	16.3	4%	2%	1.1x	Mark-to-model
peBo+	Russia	Consumer credits & payments	Sep-15	23.0%	6.7	15.7	4%	17%	2.7x	Mark-to-model
nibo	Brazil	Accounting SaaS	Apr-17	20.1%	6.5	13.4	3%	25%	2.1x	Mark-to-model
FinanZero	Brazil	Consumer credits marketplace	Mar-16	18.0%	5.7	12.6	3%	39%	3.1x	Latest transaction
magnetis	Brazil	Digital investment advisor	Sep-17	17.5%	5.7	10.5	3%	22%	1.9x	Mark-to-model
FINJA	Pakistan	Digital lending & payments	Jul-16	22.8%	3.2	7.4	2%	33%	2.5x	Latest transaction
rupeek	India	Secured lending platform	Mar-21	1.4%	7.0	7.0	2%	0%	1.0x	Latest transaction
XERPA	Brazil	HR & payroll management	Sep-19	16.0%	8.5	4.8	1%	-28%	0.6x	Mark-to-model
abhi	Pakistan	Salery on demand	Jun-21	15.0%	0.9	0.9	0.2%	0%	1.0x	Latest transaction
minu	Mexico	Salery on demand	Mar-21	1.2%	0.5	0.5	0.1%	0%	1.0x	Latest transaction
BLACKBUCK	India	Online trucking platform	Jul-21	1.0%	10.0	10.0	3%	0%	1.0x	Latest transaction

Source: Company data, ABGSC Research

** IRR and CoC multiple as of last reported*



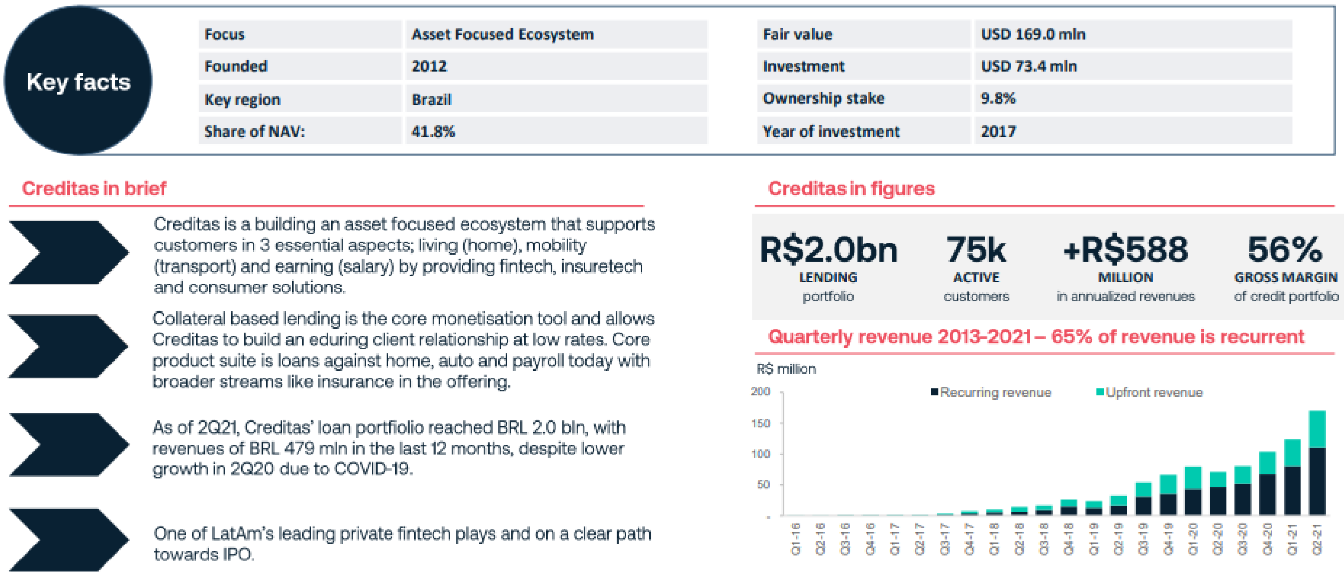
Source: Company data, ABGSC Research



Source: Company data, ABGSC Research

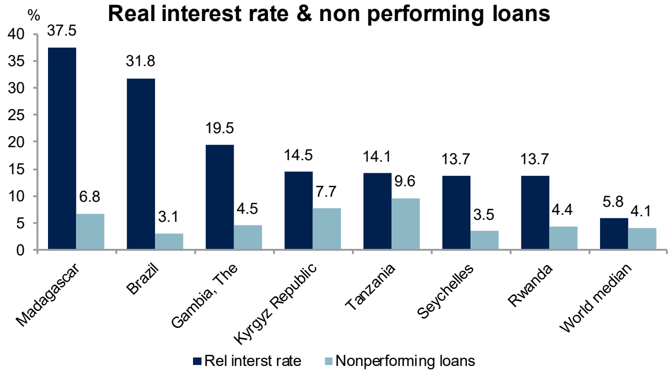
Creditas - 44% of VEF's portfolio ex. cash

Brief overview of Creditas

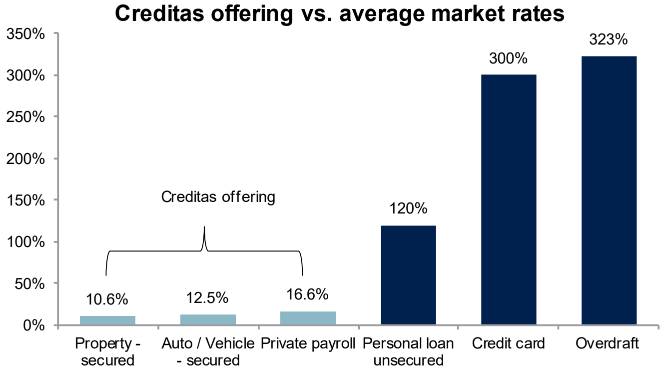


Source: VEF investor presentation August 2021

An online platform enabling consumers to get more affordable rates
Founded in 2012, Creditas is the largest of VEF's portfolio companies, representing over 40% of the portfolio NAV, excluding cash. The company provides an online platform offering secured loans in Brazil, enabling consumers to get more affordable rates. The company has recently expanded through M&A and has over time evolved from a secured lending platform to an asset-focused ecosystem in the Brazilian market. As pointed out earlier in the emerging market section of this report, Brazilian consumers pay some of the highest interest rates in the world, with interest rates (annual percentage rates, APR) on unsecured consumer loans, credit cards and overdrafts often well above 100% p.a. Meanwhile, the amount of non-performing loans in Brazil remains low. This creates a huge gap and a large potential revenue stream for Creditas.



Source: World Bank (2019 data), ABGSC Research



Source: Creditas, ABGSC Research

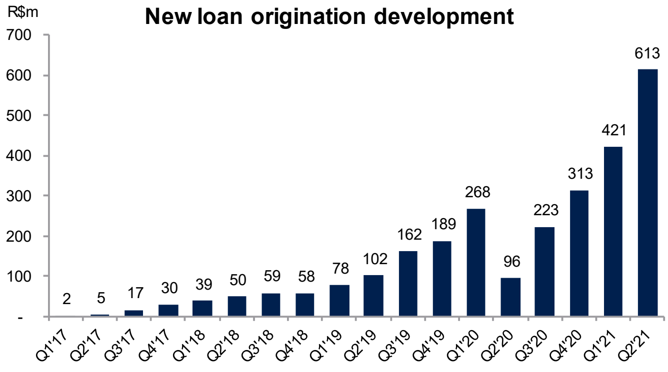
Secured lending is underpenetrated in Brazil
Secured lending is an underpenetrated market in Brazil given that around 70% of all homes and cars in the country are owned debt-free, according to the company. This implies a great opportunity for fintech companies to offer collateral-backed loans to a market with more than 200m people. Creditas has previously estimated a total pool of assets in Brazil of USD 3tr, but as of now, consumers only use a small part

of those assets to secure low-cost debt, yielding an addressable market of ~USD 210bn, according to the company. Thanks to its tech-driven platform, Creditas can deliver a very competitive offering by enabling consumers to take loans on better terms, with a lower APR and a longer duration. This has enabled the company to grow rapidly over the last couple of years, with revenues increasing by a CAGR of 182% from 2017 to 2020. In addition, the loans Creditas issues are securitised and sold to investors, leading to very low balance sheet risk for the company.

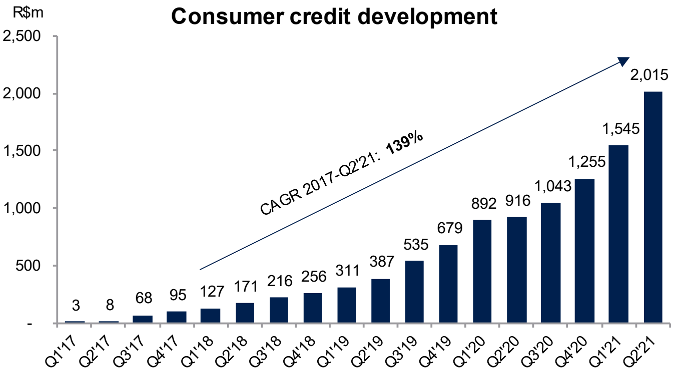
Creditas has three main focus areas: home, auto and payroll, but is expanding
As such a large number of people in Brazil own their car or home debt-free, founder and CEO Sergio Furio saw an opportunity to provide liquidity to the owners of otherwise illiquid assets. The company started off by offering home equity loans and auto equity secured loans, and later moved into payroll-backed loans. Over the years, the company has gradually expanded its product offering, but the three focus areas remain the same: home, auto and payroll. Its current offering also includes property sales and renovation, vehicle financing, insurance, salary advances, as well as an e-commerce platform in Brazil that allows customers to pay through Creditas' salary discount solution (Creditas Store). However, through recent M&A activity Creditas has expanded outside pure financial products.

M&A activity expected to be a key part of the expansion going forward
Creditas has acquired and invested in four companies so far during 2021, and VEF expects M&A to continue to be a key element of Creditas' expansion. In January, Creditas acquired Bcredi, a digital platform focused on real estate financing. In May, Creditas made an investment in Voltz, an electric motorcycle company. In July, the company acquired Minuto Seguros, a digital insurance start-up, and later in the same month, Creditas acquired Volanty, a digital platform for the sale and purchase of used vehicles. These acquisitions have added interesting verticals to the Creditas ecosystem. Through the investment in Minuto Seguros, Creditas has added insurance to the auto segment, and with Voltz and Volanty, Creditas has entered the segment for buying and selling motorcycles and cars. With these acquisitions, we believe Creditas is broadening itself into a more asset-focused ecosystem in the Brazilian market.

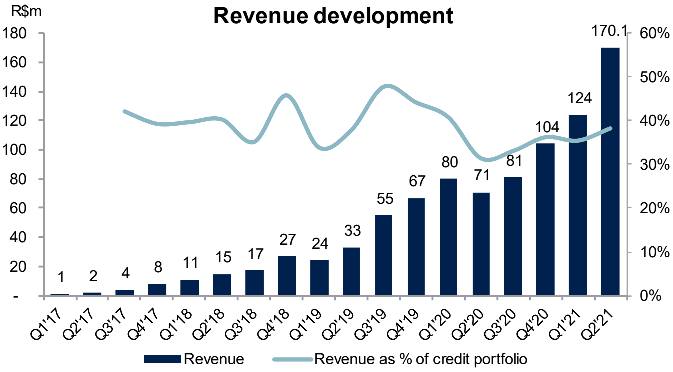
Impressive financial growth – revenue reaccelerating after COVID-19 dip
In terms of financial disclosure, Creditas is the most transparent of all VEF's holdings. The Q1'21 and Q2'21 numbers showed a reacceleration in growth after a COVID-19 dip during 2020, when the company temporarily scaled back its growth ambitions due to market uncertainty. This can also be seen in the charts below, with new loan origination in Q2'20 falling by 64% q-o-q. However, as a result, Creditas became cash flow positive. Q2'21 was the company's strongest quarter to date, with new loan origination reaching a record of BRL 613m, up 46% q-o-q and 538% y-o-y, due to the weak Q2'20. The consumer credit book has surpassed BRL 2,000m, and was up 120% y-o-y in Q2'21. Since Q4'17, the credit book has grown by a CAGR of 139%. Looking at revenue as a percentage of the average credit portfolio, it has remained relatively stable over the last year, fluctuating between 30% and 40%, and coming in at 38% in Q2'21. This means revenue has also grown rapidly, and in Q2'21 it grew by 120% y-o-y. Looking at the current revenue breakdown, we assess that home equity loans and auto equity loans each constitute ~40% of the company's revenue, while payroll loans make up the remaining 20%.



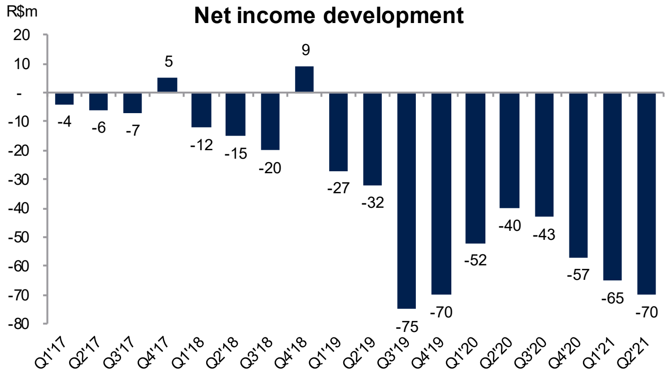
Source: Company data, ABGSC Research



Source: Company data, ABGSC Research



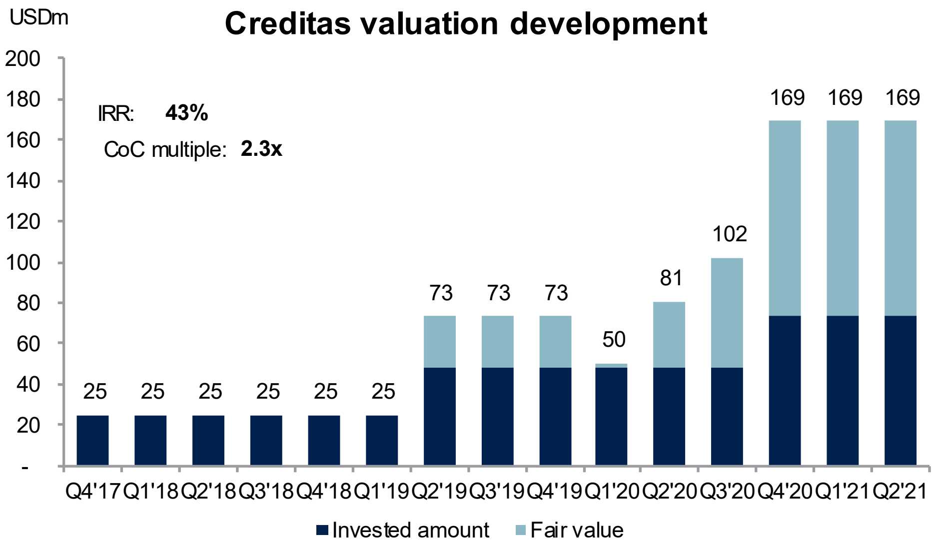
Source: Company data, ABGSC Research



Source: Company data, ABGSC Research

Being able to turn cash flow positive shows robustness of business model
As the key focus for Creditas is to continue growing and taking market share, net income remains negative. However, as mentioned, when the company scaled back its growth ambitions during Q2'20, cash flow turned positive, which to us demonstrates the strength of the business model. We believe this is important from the point of view of the investor community, especially since Creditas is preparing to IPO in 2022. If the company goes ahead with its plan and becomes a listed company, we believe this would be a strong positive NAV catalyst for VEF. See more in the valuation section.

VEF has generated an unrealised IRR of 43% and a CoC multiple of 2.3x
As of the latest reporting data (Q2'21), VEF values its 9.8% ownership in Creditas at USD 169m. VEF has from its first investment in 2017, up to this point invested a total of USD 73m in Creditas, which means it has generated an unrealised IRR of 43% and a CoC multiple of 2.3x.



Source: Company data, ABGSC Research

Konfio - 20% of VEF's portfolio ex. cash

Brief overview of Konfio

Key facts

Focus	Diversified financial services for Mexican SMBs	Fair value	USD 75.4 mln
Founded	2014	Investment	USD 47.3 mln
Key region	Mexico	Ownership stake	10.6%
Share of NAV:	18.7%	Year of investment	2018

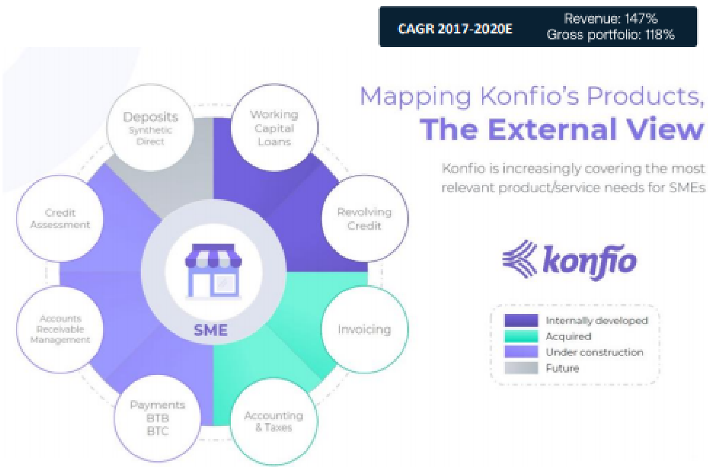
Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico.

Konfio leverages tech, big data and recent Mexican fiscal control to offer loans to creditworthy SMEs historically underserved by traditional banks.

Konfio has broadened its product suite to offer an array of SaaS and payment tools, and also offers lending as a service to some of Mexico's largest FMCG companies.

Mexico is Latin America's 2nd largest market with a population of 127M (number 10 globally) and over 7M SMEs. Konfio focuses on the top-end credit of the small business segment which is viewed as a USD 45 bln opportunity.

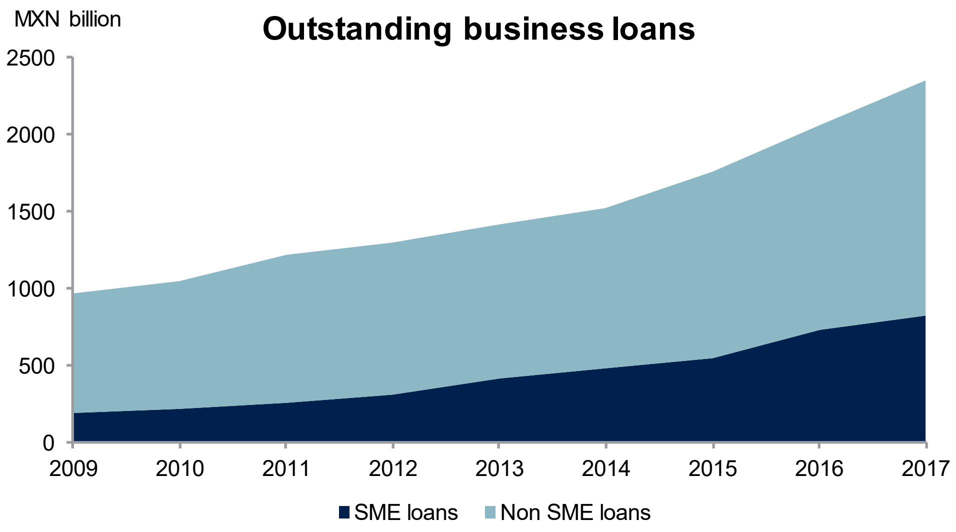
Recently raised a USD 125 mln Series E funding round led by new investor Lightrock, where VEF invested an additional USD 19.8 mln.



Source: VEF investor presentation August 2021

A diversified financial services company offering unsecured loans to SMEs
Founded in 2014, Konfio is the second-largest of VEF's portfolio companies, representing 20% of the portfolio excluding net cash, as of Q2'21. The company operates in Mexico, Latin America's second-largest market, with a population of over 125m people and over 7m small and medium-sized enterprises (SMEs), where less than 10% have access to financing. Konfio is a diversified financial services company that uses technology and big data analytics to offer unsecured loans and other financial services to creditworthy SMEs, a subsegment that historically has been underserved by traditional banks. Konfio focuses on the most creditworthy SMEs, which it estimates to be a USD 45bn opportunity. Outstanding SME loans grew at a CAGR of 19% between 2009 and 2017, according to OECD, faster than the growth of other business loans. In the meantime, Konfio has been able grab

market shares in this growing market, and has between 2017 until 2020 grown its revenues by a CAGR of 147%.

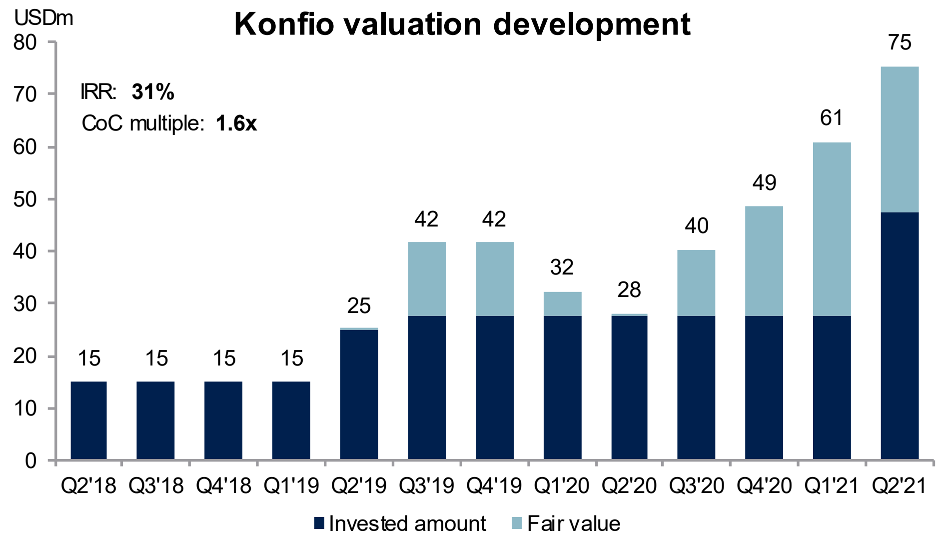


Source: OECD, ABGSC research

Konfio offers a superior product to a neglected market segment
Konfio has grown rapidly thanks to what we see as a superior offering for Mexican SMEs. While traditional banks mainly focus on serving large corporates and high-end retail clients, Konfio's offering focuses more on smaller businesses. For example, the time it takes to get approval for initial and second lines of credit can take up to 15-20 business days for traditional banks, while Konfio is able to approve a request from a new customer in a matter of minutes. Other obstacles that Mexican SMEs encounter with traditional banks include a requirement that SMEs have a deposit account with that bank, while Konfio requires them only to have a deposit account at any bank. Apart from loans, Konfio offers other services to further support Mexican SMEs, including benefit programmes, invoicing, accounting, taxes, tech services, payments, and cloud-based AI tools. Recently the company started to look to move to a full banking status either through a licence or an acquisition.

Collaborations with PayPal and Facebook evidence of fintech leadership
Konfio has collaborations with both PayPal and Facebook. The partnership with PayPal allows SMEs to apply for working capital loans using Konfio's platform. Through the partnership with Facebook, Konfio offers workshops and training to company founders and businesses to help the SME sector in Mexico. We believe that these partnerships with technology giants boost Konfio's reputation as a leading fintech operator in Mexico.

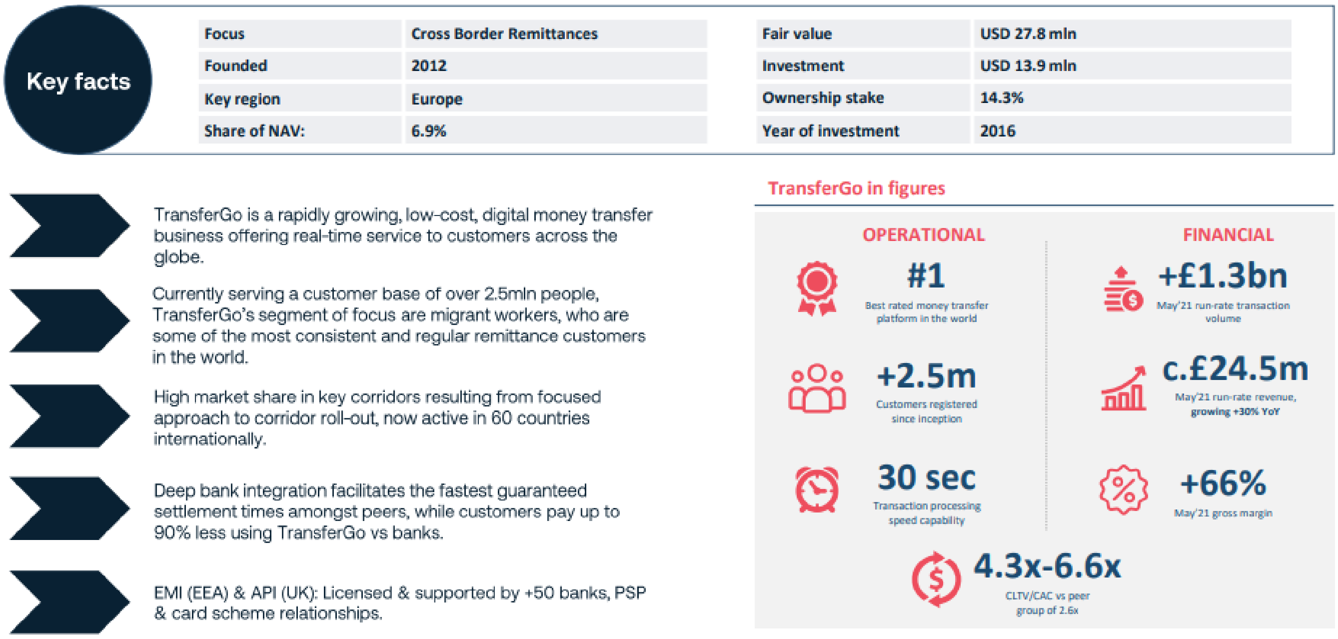
VEF has generated an unrealised IRR of 31% and a CoC multiple of 1.6x
In June 2021, VEF made a follow-up investment in Konfio of USD 19.8m in a USD 125m fundraise. As of the latest reporting data (Q2'21), VEF values its 10.6% ownership in Konfio at USD 75.4m. VEF has from its first investment in 2018, up to this point invested a total of USD 47.3m in Konfio, which means it has generated an unrealised IRR of 31% and a CoC multiple of 1.6x.



Source: Company data, ABGSC Research

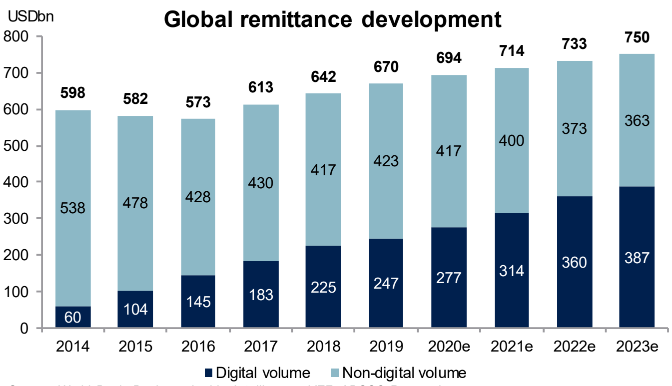
TransferGo - 7% of VEF's portfolio ex. cash

Brief overview of TransferGo

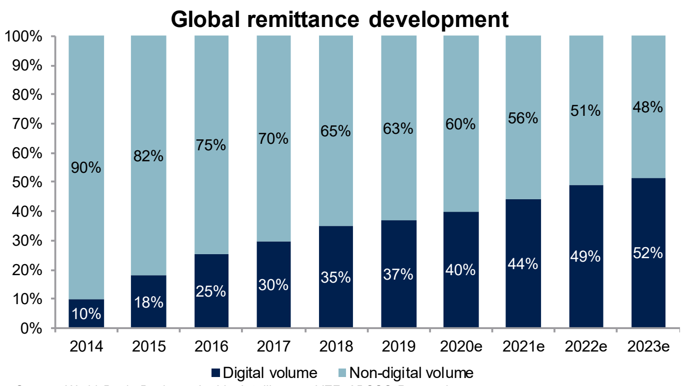


Source: VEF investor presentation August 2021

Digital remittance market expected to grow by a CAGR of 12% until 2023
Founded in 2012, TransferGo is a digital, low-cost, cross-border remittance provider. The global remittance market totalled USD 670bn in 2019, with digital volumes accounting for more than a third (37%). According to the company, customers have been underserved by incumbents for many years, with high prices and low speed. This has paved the way for an increasing share of digital money transfers, which enable access to more countries, higher speed and lower prices. Digital transfer volumes have grown by a CAGR of 42% since 2014, while their share of total transfer volumes has gone from 10% in 2014 to 37% in 2019. Looking ahead, digital remittance is expected to continue being the growth driver for the global remittance market, with an estimated CAGR of 12% until 2023.



Source: World Bank, Business Insider Intelligence, VEF, ABGSC Research

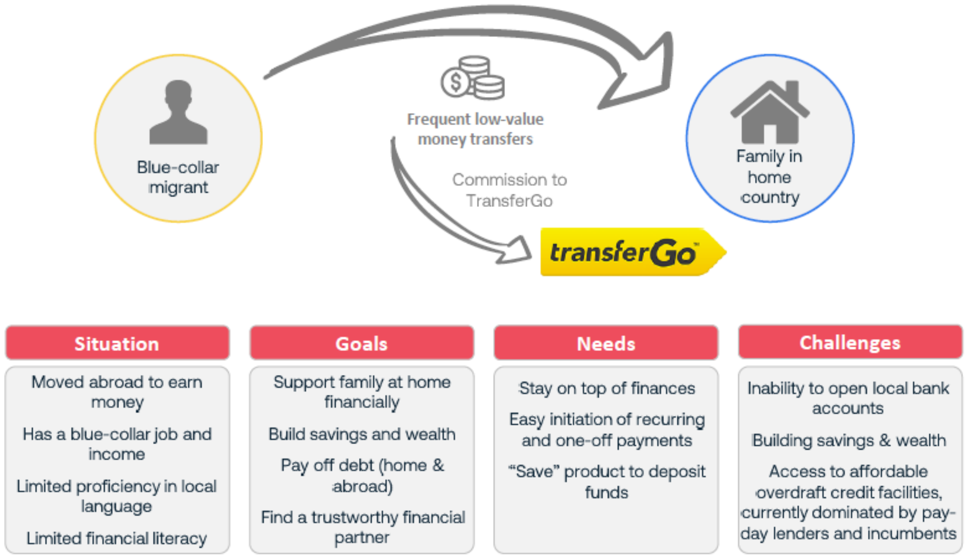


Source: World Bank, Business Insider Intelligence, VEF, ABGSC Research

Charging commission on cross-border transfers – revenues up >80% in 2020
According to the company, TransferGo enables customers to pay up to 90% less than with traditional banks, and to get their money delivered digitally and securely in just 30 seconds. The business model is simple: money is transferred cross-border and the company earns a commission based on the value of the transfer. According to the World Bank, the average cost of making a cross-border remittance is currently ~6.4%, while the cost with TransferGo is well below 3%. The company

currently serves over 2.5m customers, with a focus on blue-collar migrants, which are some of the most consistent and regular remittance customers in the world. But TransferGo also offers digital remittance services to SMEs and other enterprises. VEF has highlighted TransferGo's performance as one of the strongest in the portfolio, with revenues growing by over 80% in 2020, helped by an acceleration in the use of digital solutions in the wake of the pandemic.

TransferGo business model



Source: VEF

VEF has generated an unrealised IRR of 23% and a CoC multiple of 2.0x
As of the latest reporting data (Q2'21), VEF values its 14.3% ownership in TransferGo at USD 27.8m. WISE, a peer in the digital remittance space that was recently listed on the London stock exchange, was trading at ~15-16x forward sales as of VEF's Q2 release. VEF meanwhile values its position at ~5x forward sales, which indicates a conservative valuation of TransferGo as well as potential for further NAV revaluation. VEF has from its first investment in 2016, up to this point invested a total of USD 13.9m, which means it has generated an unrealised IRR of 23% and a CoC multiple of 2.0x.

Juspay - 6% of VEF's portfolio ex. cash

Brief overview of Juspay

Key facts

Focus	Mobile Payments	Fair value	USD 24.7 mln
Founded	2012	Investment	USD 13.0 mln
Key region	India	Ownership stake	9.9%
Share of NAV:	6.1%	Year of investment	2020

- Juspay is India's leading mobile payments platform for online merchants.
- India has one of the most advanced and complex electronic payment infrastructures globally, resulting in friction and challenges for merchants and banks in the country.
- Juspay solves these challenges for customers with their unifying layer of products and value-added services, with more than 200 mln downloads of its SDK.
- Juspay improves conversion rates for merchants and others in the payment value chain, facilitating ~USD 50 bln of annualised GMV and ~7.3 mln transactions per day*.
- Based in Bangalore, Juspay is backed by Accel India, Wellington Management, and serves some of India's largest merchants including Amazon, Flipkart and Uber.

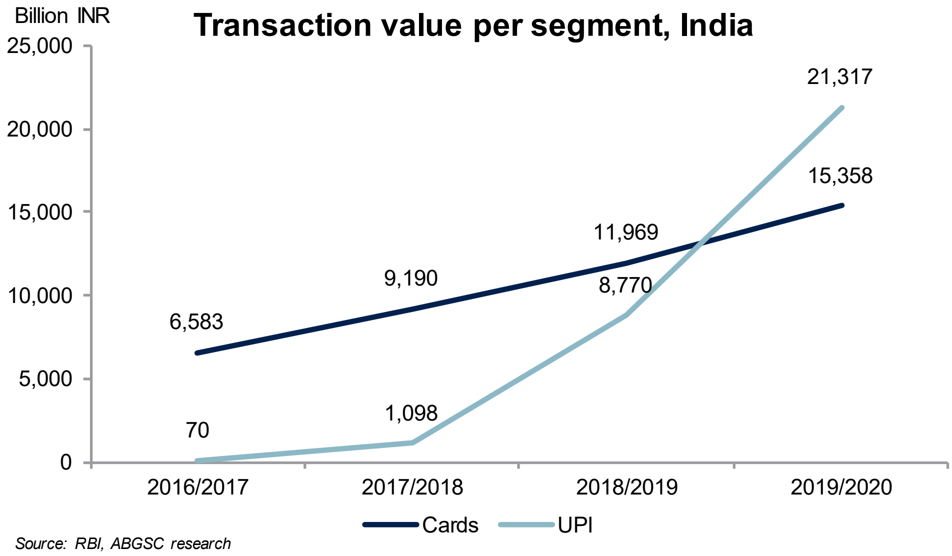
Juspay in figures

Source: VEF investor presentation August 2021

Mobile payments provider that increases conversion rates for merchants
Founded in 2012, Juspay is one of India's leading providers of mobile payments. India has an advanced and complex electronic payment infrastructure that uses a mandatory two-factor authentication system. This has led to friction between merchants and customers, which often do not have the same payment systems in place, causing many transactions to be unsuccessful. Juspay solves this by providing a service that improves the conversion rates for merchants, leading to more successful transactions.

Juspay has been a clear beneficiary of the accelerated technological adoption seen across the globe in the wake of the COVID-19 pandemic, which has increased the dependency on e-commerce. Juspay's software development kit has had more than 250m downloads and facilitates an annualised payment volume of ~USD 50bn. Evidence of the business model's success is that some of India's largest merchants as well as some global tech giants, including Amazon, Flipkart and Uber, use Juspay. Internet and mobile transactions are growing at a tremendous pace in India, faster than credit cards, and Juspay is well positioned to take advantage of this development. The value of transactions through UPI, the main interface used for mobile and internet transactions in India, grew 143% in 2020 and there is room for continued growth, with 89% of transactions still being made in cash[5].

[5] McKinsey



Source: RBI, ABGSC research

Juspay has generated an unrealised IRR of 67% and a CoC multiple of 1.9x
VEF made its first investment, USD 13m, in Juspay in March 2020, in a Series B investment round of USD 22m, joined by Wellington Management and Accel. As of the latest reporting data (Q2'21), VEF values its 9.9% ownership in Juspay at USD 24.7m, which means it has generated an unrealised IRR of 67% and a CoC multiple of 1.9x. When ranking VEF's current portfolio holdings, Juspay comes out on top in terms of IRR.

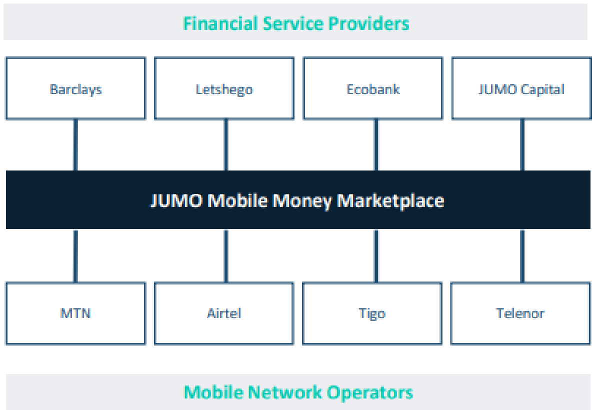
JUMO - 4% of VEF's portfolio ex. cash

Brief overview of JUMO

Key facts

Focus	Mobile Money Marketplace	Fair value	USD 16.3 mln
Founded	2014	Investment	USD 14.6 mln
Key region	Pan-Africa, Asia	Ownership stake	6.8%
Share of NAV:	4.0%	Year of investment	2015

- JUMO is a full technology stack for building and running financial services using advanced data science and machine learning to power the fastest and leanest financial services infrastructure in their markets.
- Through their platform, JUMO partners with banks and telcos to give customers access to savings and loan products via their mobile phone in markets where millions of adults are excluded from or underserved by traditional financial services.
- Today JUMO is live in seven markets across sub-Saharan Africa and South Asia: Ghana, Kenya, Tanzania, Uganda, Zambia, Côte d'Ivoire, and Pakistan.
- Over 18M unique customers to date with over USD 3 bln in funds disbursed. For 60% of customers it is their first interaction with formal financial services.
- Model has no real peer today. Very strong and deep management bench.



Source: VEF investor presentation August 2021

Provides financial services infrastructure for unbanked customers in Africa
Jumo was founded in 2014 and VEF made its first investment in the company the following year. Using its proprietary platform, Jumo provides financial services to unbanked consumers and SMEs in Africa and Pakistan. As highlighted earlier, there are more than 1.7bn adults globally that do not have full access to traditional financial services, and the vast majority of these live in Africa and South Asia. These adults lack access to credit and are heavily dependent on cash, which makes it difficult for them to save for future needs and emergencies. Jumo solves this by providing an infrastructure that uses data science and machine learning to provide financial services in these markets. The company links both financial service providers and mobile network operators to its platform, giving customers access to savings, insurance and loan products through their mobile phones. Since its inception, the company has connected with more than 18m customers, with over USD 3bn in funds disbursed.

Live in seven countries with plans to expand to three more in the near future
Jumo is currently live and operational in six African countries and one South Asian market: Ghana, Kenya, Tanzania, Uganda, Zambia, Côte d'Ivoire, and Pakistan. It has performed strongly despite the pandemic and plans to launch in three additional countries including Nigeria in the near future.

Jumo has generated an unrealised IRR of 2% and a CoC multiple of 1.1x
VEF has, since its first investment in 2015, invested a total of USD 14.6m in Jumo as of Q2'21, and its ownership stake stands at 6.8%. The fair value as of Q2'21 was USD 16.3m, representing an unrealised IRR of 2% and a CoC multiple of 1.1x.

REVO - 4% of VEF's portfolio ex. cash

Brief overview of REVO

Key facts

Focus	Merchant Payments & Consumer Credit	Fair value	USD 15.7 mln
Founded	2013	Investment	USD 6.7 mln
Key region	Russia, Poland, Romania	Ownership stake	23.0%
Share of NAV:	3.9%	Year of investment	2015

- The Afterpay of Russia, Revo REVO provides buy now pay later (BNPL) financing solutions for customers in Russia and CEE through the Mokka brand.
- One of the hottest sectors in fintech globally, BNPL has become a mainstream option for financing purchases at the point of sale, taking a share of the pie from the credit card market and often considered as an alternative payment method as opposed to credit.
- Working with Russia's online and offline merchants to increase conversion and basket size, Revo also leverages proprietary customer data to deliver personalized marketing services for merchants.
- Numerous scale partners across Russia, including some of the country's largest merchants in the offline and online space, while also expanding into the CEE, including Poland and Romania.
- Business model similar to offline pay-later solutions in Turkey/Brazil and online solutions of Affirm, Klarna and Afterpay in the US, Australia and Europe.

Key Merchant Partners

AVON, ONE TWO TRIP!, Утконос, Детский мир, OZON.ru выбирайте, INCITY, М.Видео, Reebok, kari, adidas, МОНРО, ALBA shoes & accessories, lamoda, PayU, MELON FASHION GROUP

Source: VEF investor presentation August 2021

Payment solution provider to some of the largest merchants in Russia

REVO, in which VEF has a 23.0% ownership stake, was founded in 2013 and is a provider of payment solutions in Russia through its brand Mokka. The company's business model is similar to that of global industry giants such as Afterpay, Affirm and Klarna, providing buy now pay later (BNPL) financing solutions. Mokka is one of the leading players in the Russian and central and eastern European market. It has partners across Russia, including some of the largest merchants in the offline and online space in a wide variety of categories such as apparel, sporting goods, travel, and electronics. These include recognisable names like Adidas, Reebok and PayU.

COVID-19 has forced retailers to adapt to a new retail environment by moving to predominantly online channels. This is positive for payment solution providers since they help to empower consumers with control and convenience, saving them time, money and worry. The payment solution providers have a reliable and scalable business model since they can create relationships with millions of consumers at a low cost. The growth potential in payment solutions generally comes from: 1) adding new partners, 2) increasing retail sales for partners, 3) increasing credit penetration (the use of sales finance products), and 4) increasing conversion (turning the use of products into interest-bearing loans). VEF has said that Mokka's performance during 2020 was impressive and that the growth outlook for the coming years is set to remain strong.

REVO has so far generated unrealised IRR of 17% and a CoC multiple of 2.7x

VEF made its first investment in REVO in September 2015 and has invested USD 6.7m in total, while the latest fair value (as of Q2'21) stands at USD 15.7m, representing an unrealised IRR of 17% and a CoC multiple of 2.7x.

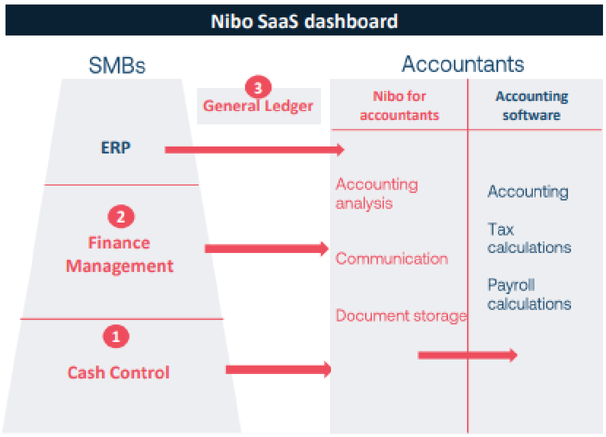
Nibo - 3% of VEF's portfolio ex. cash

Brief overview of Nibo

Key facts

Focus	Accounting SaaS provider for SMEs & Accountants	Fair value	USD 13.4 mln
Founded	2012	Investment	USD 6.5 mln
Key region	Brazil	Ownership stake	20.1%
Share of NAV:	3.3%	Year of investment	2017

- Nibo is the leading accounting SaaS provider in Brazil, transforming the way accountants and SMEs interact in one of the most complex and regulated accounting and tax environments in the world.
- Nibo offers their customers a suite of financial management tools including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos.
- With over 320k paying SMEs serviced through 3.35k accountant customers, Nibo's tools empower accountants to better and more profitably serve their customers.
- Large addressable market of +10M SMEs with a regulatory requirement to employ accounting services in Brazil and ~80k accounting firms.
- Proven model seen scale and succeed in other markets, eg. Intuit (US), Xero (NZ) and Fortnox (Sweden).



Source: VEF investor presentation August 2021

Accounting SaaS provider for a large addressable market
VEF holds a 20.1% stake in Nibo, making it the seventh-largest holding, with 3% of the portfolio, as of Q2'21, excluding net cash. Founded in 2012, Nibo is one of the top SaaS accounting providers in Brazil for SMEs and accountants, with a similar business model to Intuit (US), Fortnox (Sweden) and Xero (NZ). Nibo is benefitting from regulatory tailwinds, as it is a requirement in Brazil that SMEs employ accountants, due to the complexity of the country's accounting and tax rules. The large addressable market is an advantage for the company, with over 10m SMEs and ~80,000 accounting firms that can benefit from Nibo's services. The company now has over 3,300 accountants as customers, which service over 320,000 SMEs. This implies a current market share of 3-4%, which means there is plenty of scope for further growth for many years to come.

Nibo's platform offers different tools for accountants and SMEs, including accounts and bank reconciliation, bill payment, cash flow projection tools and issuance of invoices. In addition to services that help to improve productivity, Nibo's products allow accountants to cross-sell other value-added services, strengthening the customer relationship. As Nibo's SME base grows, the company is accumulating more data that it can use to offer additional financial services down the line.

Business model is highly scalable
Revenues are generated through a subscription-based model, where customers pay per system. Due to limited variable costs whenever a new customer is acquired, the business model is highly scalable, giving Nibo the potential to reach higher margins over time.

VEF has generated an unrealised IRR of 25% and a CoC multiple of 2.1x
As of the latest reporting data (Q2'21), VEF values its 20.1% ownership in Nibo at USD 13.4m. VEF, from its first investment in 2017, up to this point has invested a total of USD 6.5m, which means it has generated an unrealised IRR of 25% and a CoC multiple of 2.1x.

FinanZero - 3% of VEF's portfolio ex. cash

Brief overview of FinanZero

Key facts

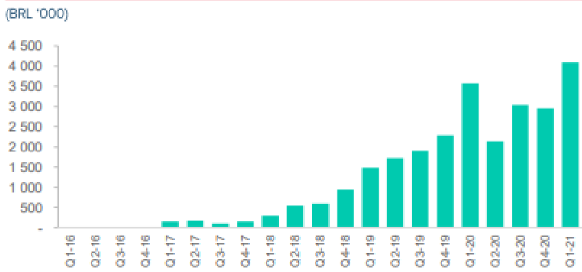
Focus	Consumer Loan Marketplace	Fair value	USD 12.6 mln
Founded	2016	Investment	USD 5.7 mln
Key region	Brazil	Ownership stake	18.0%
Share of NAV:	3.1%	Year of investment	2016

- FinanZero is a pioneering digital marketplace for consumer loans in Brazil.
- Acting as an independent broker, FinanZero negotiates the customer's loan with several banks and fintechs at once to find the loan with the best interest rate and terms for the consumer.
- Full integration with over 52 credit institutions (banks and fintechs) allows FinanZero to handle the whole lending process from start to finish.
- The company is focused on three sizeable loan broker segments: unsecured consumer loans, secured car finance loans and secured home equity loans, while new products such as payroll loans and credit cards are soon to be introduced.
- Proven model seen scale and success in other markets and a founding team with a successful track record and experience from a leading consumer loan broker in Sweden.

FinanZero in figures

+2.0m	52	+38%	4.9/5
Loan applications in 1Q21	Lending partners live on the platform	Revenue growth in 1Q21 (QoQ)	Rating out of c. 10.5k Google reviews

Quarterly revenue 2017-2021



Source: VEF investor presentation August 2021

Broker platform helping customers find the best loans available

FinanZero is a digital marketplace for consumer loans in Brazil, founded in 2016 by the same Swedish team that founded Lendo, the leading Swedish consumer loan broker today owned by Schibsted. With interest rates on unsecured consumer loans in Brazil above 100% on average, it is crucial for consumers to find the right loans with the lowest rates and best terms available.

Popular platform with revenue growth of ~40% q-o-q in Q1'21

FinanZero works as an independent broker, negotiating on its customers' behalf with banks and credit institutions in order to get the best interest rate and terms for them. Currently, the marketplace has a partnership with more than 50 banks and institutions. When a consumer applies for a loan, FinanZero manages the entire lending process from start to finish, as the banks are fully integrated into its platform. The business model works as it did for Lendo, with FinanZero taking a cut from the bank/credit institution that the customer has chosen to underwrite the loan. The company is focused on three segments: unsecured consumer loans, home equity loans and auto equity loans. It is currently working on introducing new products such as payroll loans and credit cards. Looking at Google Reviews, the platform appears to be very popular, currently holding a rating of 4.9/5.0. In Q1'21 the company posted revenue growth of 38% q-o-q, according to VEF's latest investor presentation.

FinanZero has generated an unrealised IRR of 39% and a CoC multiple of 3.1x

FinanZero was founded in 2016, and VEF made its first investment in the company the same year. VEF has invested a total of USD 5.7m as of Q2'21, and its ownership stake stands at 18.0%. The fair value as of Q2'21 was USD 12.6m, representing an unrealised IRR of 39% and a CoC multiple of 3.1x, the highest CoC multiple among all VEF's current holdings.

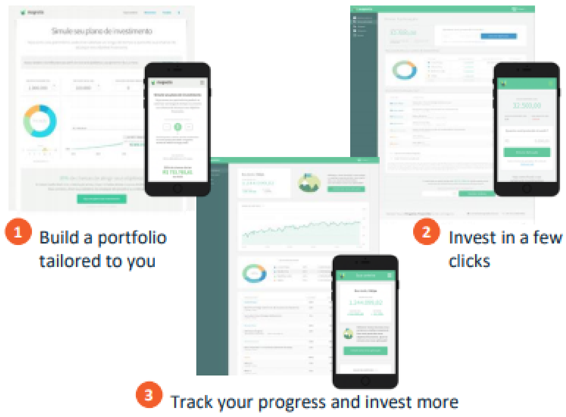
Magnetis - 3% of VEF's portfolio ex. cash

Brief overview of Magnetis

Key facts

Focus	Digital Investment Advisor	Fair value	USD 10.5 mln
Founded	2015	Investment	USD 5.7 mln
Key region	Brazil	Ownership stake	17.5%
Share of NAV:	2.6%	Year of investment	2017

- Magnetis is a digital investment advisor in Brazil, democratizing access to affordable and easy-to-use investment management, offering customers a simple, digital tool to manage their wealth.
- Using state-of-the-art technology, the product takes the individual's risk preferences into account, then builds and manages a tailored portfolio of money market, insured fixed income, hedge funds and equity ETFs at the click of a button.
- Given the deep pool of wealth, high levels of consumer technology adoption, large existing revenue pool and lack of financial market literacy, Brazil represents one of the largest addressable markets for digital wealth management globally.
- Strong team with vast experience of investing in Brazil and in-depth knowledge of regulatory architecture and requirements in a space with limited competition.
- Digital investment platforms became one of the hottest sectors in fintech in 2020, with record account openings and a surge in usage experienced globally.



Source: VEF investor presentation August 2021

A digital investment advisor in one of the hottest sectors globally
Magnetis is a digital investment advisor (also known as a robo-advisor) in Brazil, with a similar business model to recognisable names like Wealthfront and Betterment. Digital investment platforms became one of the hottest sectors globally during the pandemic, which has also been evident in the Nordics with investment platforms such as Avanza and Nordnet seeing record levels of both customer inflow and customer activity.

Brazil – one of the largest addressable markets for digital wealth management
Brazil is one of the largest addressable markets for digital wealth management globally given the high levels of consumer technology adoption, the deep pool of wealth, and the lack of financial market literacy. VEF estimates that the addressable savings market in Brazil amounts to USD 720bn. Magnetis provides an affordable and easy-to-use investment manager, offering customers a simple, digital tool to manage their wealth. Magnetis can tailor a portfolio to an individual by taking their desired risk preferences into account, then building a portfolio for them using financial products such as mutual funds, bonds and ETFs, for example.

Magnetis has generated an unrealised IRR of 22% and a CoC multiple of 1.9x
Magnetis was founded in 2015, and VEF made its first investment in the company two years later. VEF has invested a total of USD 5.7m as of Q2'21, and its ownership stake stands at 17.5%. As of Q2'21, the fair value was USD 10.5m, representing an unrealised IRR of 22% and a CoC multiple of 1.9x.

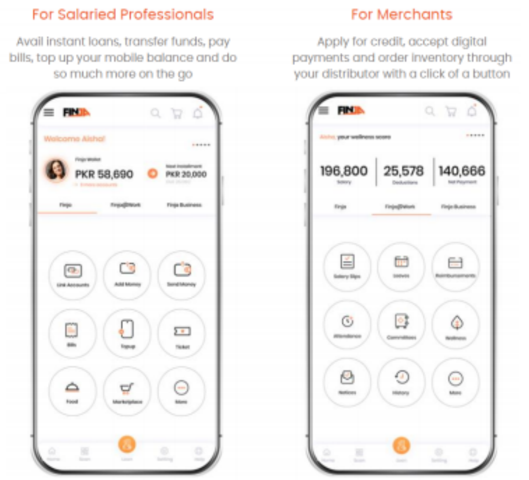
Finja - 2% of VEF’s portfolio ex. cash

Brief overview of Finja

Key facts

Focus	Digital Lending & Payments	Fair value	USD 7.4 mln
Founded	2016	Investment	USD 3.2 mln
Key region	Pakistan	Ownership stake	22.8%
Share of NAV:	1.8%	Year of investment	2016

- Pakistan is a scale emerging market with a young and digitally-literate population of 210 mln people,.with the tech ecosystem steadily gaining momentum in recent years.
- Finja is a digital lending platform with an integrated payments ecosystem focused on the financial wellness of businesses and their employees.
- Finja offers working capital and supply chain loans to small businesses, and personal and payroll-backed loans to salaried professionals.
- Finja also operates an integrated payments ecosystem and mobile wallet, offering bill payments, an ecommerce marketplace and the recently launched FinjaCard, a physical card offering for urban salaried professionals, controlled digitally through the Finja app.
- Strong founding team of serial entrepreneurs with experience in mobile wallets, online marketplaces and financial products in Pakistan.



Source: VEF investor presentation August 2021

Digital lending platform that services a large underbanked population
At 2% of VEF’s portfolio, Finja is a digital lending platform with an integrated payments solution. The company operates in Pakistan, a scale market with a population of more than 200m and a fast-growing middle class. The Pakistani market is underpenetrated in terms of financial services and credit, with only 21% of the adult population having a bank account, and only 2% of adults and 7% of SMEs able to get formal credit from financial institutions.

Current offering ranges from payment ecosystem to SME and personal loans
With the number of smartphones in Pakistan estimated at more than 73m, Finja’s mobile offering entails an opportunity to introduce financial services to the younger, more digital savvy, population in Pakistan. Finja’s offering ranges from working capital and supply chain loans for SMEs, to personal and payroll-backed loans for working professionals. In addition, it operates an integrated zero-cost payments ecosystem and mobile wallet, and the onboarding process is completely digital.

Finja has generated an unrealised IRR of 33% and a CoC multiple of 2.5x
Finja was founded in 2016, and VEF made its first investment in the company the same year. VEF has invested a total of USD 3m as of Q2’21, and its ownership stake stands at 22.8%. Finja has a fair value of USD 7m as of Q2’21, representing an unrealised IRR of 33% and a CoC multiple of 2.5x.

Rupeek - 2% of VEF's portfolio ex. cash

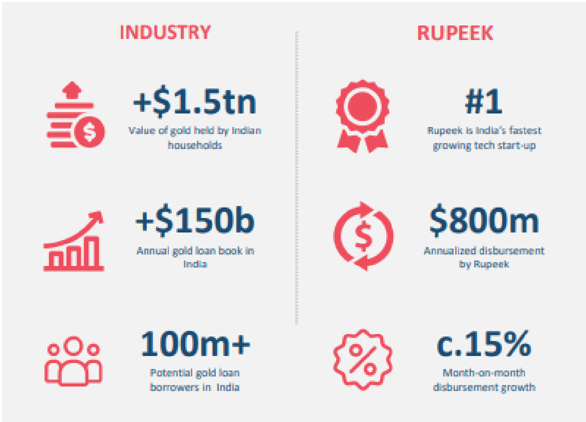
Brief overview of Rupeek

Key facts

Focus	Secured Lending Platform	Fair value	USD 7.0 mln
Founded	2015	Investment	USD 7.0 mln
Key region	India	Ownership stake	1.4%
Share of NAV:	1.7%	Year of investment	2021

- Rupeek, which provides online gold loans at the doorstep, is India's fastest growing asset-backed digital lending platform* and is our second investment in India.
- More than 90% of Indians don't have access to formal credit. At the same time, 95% of their net worth is held in some form of asset, with Indian households holding over 25,000 tonnes of gold worth ~USD 1.5 tn.
- Rupeek is solving for this paradox by building products to make credit accessible to the masses in a fair and convenient manner and is contributing to the financial inclusion of the Indian population.
- Rupeek currently disburses ~USD 800 mln annually and is growing 15% month-on-month. The company has also sustained high customer centricity with a consumer NPS being >65.
- Based in Bangalore, Rupeek is backed by some of the prominent investors including Accel India, GGV, DST, Gemini and Bertelsmann.

Indian gold loan industry and Rupeek in figures



Source: VEF investor presentation August 2021

Enabling credit provision to one of the largest populations in the world
Rupeek is a secured lending platform founded in 2015, focusing on gold-backed loans. The company is one of India's fastest-growing asset-backed lending platforms and has also been ranked as India's fastest-growing tech start-up. Indian households are in possession of over 25,000 tonnes of gold, worth USD 1.5tn, with 95% of their net worth held in some form of asset. Paradoxically, more than 90% of Indians do not have access to formal credit. By offering gold-backed loans, Rupeek solves this problem by making credit accessible to the wider Indian population. Rupeek has currently disbursed around USD 800m p.a. and is growing by 15% m-o-m, according to VEF.

One of the newest additions to VEF's portfolio
Rupeek is one of the latest additions to VEF's portfolio, as VEF invested USD 7.0m in Q1'21. VEF's ownership stake is only 1.4%, however, well below its general target level, so we would expect to see additional investment in the future, given that the company is progressing according to plan. Rupeek is valued using the latest transaction, which was the one made in Q1'21. The unrealised IRR is therefore 0%.

Xerpa - 1% of VEF’s portfolio ex. cash

Brief overview of Xerpa

Key facts

Focus	HR & Payroll Platform	Fair value	USD 4.8 mln
Founded	2016	Investment	USD 8.5 mln
Key region	Brazil	Ownership stake	16.0%
Share of NAV:	1.2%	Year of investment	2019

- Xerpa provides modern, integrated HR software to corporates in Brazil, including products for recruitment, onboarding and performance evaluation.
- Xerpa’s salary-on-demand product, Xerpay, allows employees to access their already-earned wages instantly and at any time, similar to Wagestream in the UK.
- Employees gain instant financial security and thus avoid the cumulative spiral of debt caused by overdraft and credit card revolvers commonly used between pay cycles.
- For a small fixed fee, Xerpay also benefits employers by increasing talent retention, employee productivity and attracting new staff.
- Backed by some of the strongest investors in fintech and Latin America, including QED, Kaszek Ventures, Redpoint e.ventures and Founders Fund.

Source: VEF investor presentation August 2021

HR platform that helps to ensure financial security for working professionals
Founded in 2016, Xerpa is a HR and payroll platform provider to corporates in the Brazilian market, and VEF made its first investment in 2019. The company’s HR software includes tools for recruitment, onboarding and offboarding, performance evaluation, payroll management and salary-on-demand. As we have highlighted earlier, Brazil has among the highest average interest rates in the world, and a large majority of the workforce struggles to make their paycheck last to the end of the month. This has led to millions of people indirectly being forced to take expensive credit in order to meet their needs and expenses. Xerpa aims to solve this problem using its salary-on-demand tool, Xerpay, which lets employees access their already-earned wages early, giving them some financial security and helping them to avoid unnecessarily high interest rates on loans.

Xerpa has so far generated unrealised IRR of -28% and a CoC multiple of 0.6x
VEF entered Xerpa in October 2019 and has invested a total of USD 8.5m, while the latest fair value (as of Q2’21) stands at USD 4.8m. This means Xerpa has not performed according to plan, and the investment represents an unrealised IRR of -28% and a CoC multiple of 0.6x.

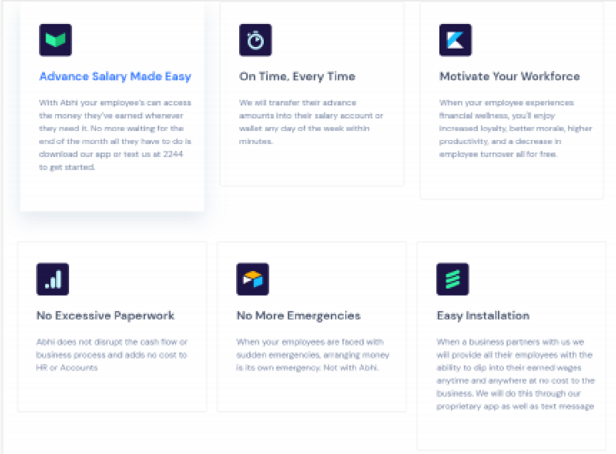
Abhi – 0.2% of VEF's portfolio ex. cash

Brief overview of Abhi

Key facts

Focus	Salary on Demand	Fair value	USD 0.9 mln
Founded	2021	Investment	USD 0.9 mln
Key region	Pakistan	Ownership stake	15.0%
Share of NAV:	0.2%	Year of investment	2021

- Abhi is VEF's second fintech investment into the early stage scale opportunity market of Pakistan, and our third in the financial wellness space, following similar investmetns in Brazil and Mexico.
- Abhi integrates with corporates to offer their employees salary advance products to reduce their financial stress and avoid expensive payday debt.
- From an employer perspective, the product adds no extra cost to their payroll as the fee is borne by the employee. Corporates also benefit from higher employee satisfaction and lower churn.
- Modernizing the pay cycle is the most fundamental transformation a company can make to its relationship with employees, and salary on demand is a great scale product the cornerstone for a much broader employee financial wellness play.
- Abhi raised their USD 2 mln seed round in June 2021, led by VEF and with participation from international and local investors including Village Global, Sarmayacar, i2i Ventures, Zayn Capital, and Portman Wills, the co-founder and CTO of Wagestream.



Source: VEF investor presentation August 2021

At the beginning of June 2021, VEF announced that it had made a USD 0.9m investment in Abhi. The funding round was led by VEF and included both local and international investors. Following the investment, VEF holds a 15.0% stake in the company, but as a proportion it only represents 0.2% of the latest reported portfolio fair value (Q2'21) excluding cash.

A financial wellness start-up that provides employee salary advances

Founded in 2021, Abhi is based in Karachi, Pakistan, and is a financial wellness start-up that provides salary advances to corporate employees with the aim of reducing their financial stress and helping them to avoid expensive credit products. The product entails no extra costs to the employer while offering potential for greater employee satisfaction and therefore lower churn. Only 2m of over 200m people in Pakistan currently have access to formal credit, which creates a huge market opportunity for Abhi. This is VEF's third investment in the financial wellness space, following similar investments in Brazil and Mexico (Xerpa and Minu). VEF views the salary advance product as a way to reach consumers, build credit history and then later be able to add consumer credit products in the future. VEF has also highlighted that it sees an excellent risk/reward in this case, and that it has great confidence in the founder Omair Ansari, who has previously worked as a strategic advisor for VEF and has worked internationally at renowned firms such as Morgan Stanley. VEF believes Abhi has the potential to build a scale consumer financial services business.

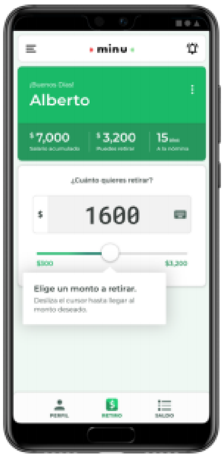
Minu – 0.1% of VEF's portfolio ex. cash

Brief overview of Minu

Key facts

Focus	Salary on demand	Fair value	USD 0.5 mln
Founded	2019	Investment	USD 0.5 mln
Key region	Mexico	Ownership stake	1.2%
Share of NAV:	0.1%	Year of investment	2021

- Minu is the market leader in pay on demand in Mexico, offering employees 24x7 instant access to their earned wages for a $2 fixed fee.
- Minu works with 100+ large enterprises in both the private and public sector, including TotalPlay, Telefonica, Scotiabank, OfficeMax, Rappi, Manpower and Cap Gemini.
- Minu solves for the employee liquidity gap, which is profound in the Mexican society where 75% of workers live from paycheck to paycheck with average wages of $550/month.
- Both employers and employees love Minu's solution and its impact: 92% employer NPS and 4.8/5.0 app ratings.
- Minu witnessed exponential growth in 2020 with an 18x increase in the number of transactions last year.



Source: VEF investor presentation August 2021

Minu helps to reduce financial stress and avoid expensive loans
Minu is one of VEF's latest investments, having entered in Q1'21. Founded in 2019, Minu is the market leader for salary-on-demand in Mexico, where it aims to solve the liquidity gap that can occur for employees in-between paychecks. Customers pay a fixed fee of USD 2, and in exchange Minu offers 24/7 instant access to employees' earned wages. It is therefore a similar offering to Xerpa's in Brazil. Minu's offering aims to reduce financial stress and help customers avoid expensive loans, which is helpful since it is estimated that 75% of the workforce in Mexico live paycheck to paycheck and 33% of the workforce take loans to cover their expenses. So far, Minu has seen exponential growth in 2020, with the number of transactions increasing by 18x compared to 2019.

Minu is the smallest of all VEF's holdings, at only 0.1%
Minu is the smallest of VEF's holdings, an investment of USD 0.5m, accounting for 0.1% of the total portfolio. VEF's ownership stake is only 1.2%, below its general target level of 10-20%, so we would expect to see additional investment in the future, if the company is progressing according to plan. Minu is valued using the latest transaction, in Q1'21, with an unrealised IRR of 0%.

BlackBuck – 3% of VEF's portfolio ex. cash (acquired after Q2'21)

Brief overview of BlackBuck

Key facts

Focus	Online trucking platform	Fair value	USD 10 mln
Founded	2015	Investment	USD 10 mln
Key region	India	Ownership stake	1.0%
Share of NAV:	2.5%	Year of investment	2021

- At VEF, we are experiencing an attractive and growing pipeline of 'embedded fintech' opportunities and BlackBuck represents our first investment in this space and our third investment in India
- BlackBuck is the largest online trucking platform in India and currently drives 90%+ market share of all online trucking activity. It is leading a transformation in the India logistics industry, which is fast moving from paper & pencil to digital.
- BlackBuck digitizes fleet operations for truckers (providing predominantly payments solutions around tolls and fuel) and operates a marketplace matching trucks with relevant loads.
- Blackbuck is a leader in its category and has built several unique solutions for Indian truckers. 35% of India's trucking toll spend today happens through BlackBuck.
- The company achieved unicorn status in the last concluded round. Alongside VEF, Blackbuck is supported by multiple global investors including Accel, B Capital, Goldman Sachs, IFC, Sands Capital, Sequoia, Tiger Global, Tribe Capital, and Wellington Management.

Blackbuck in figures

* Blackbuck has not been accounted for in 2Q21 NAV since the investment concluded in July 2021

Source: *VEF investor presentation August 2021*

An online trucking platform digitalising logistics in India
VEF announced its investment in Blackbuck after Q2 ended, in July 2021, and it represents the company's first investment in the embedded fintech space. VEF invested USD 10m in a USD 67m round. It is a small position with an ownership of 1%, so we would expect to see additional investment in the future, if the company is progressing according to plan.

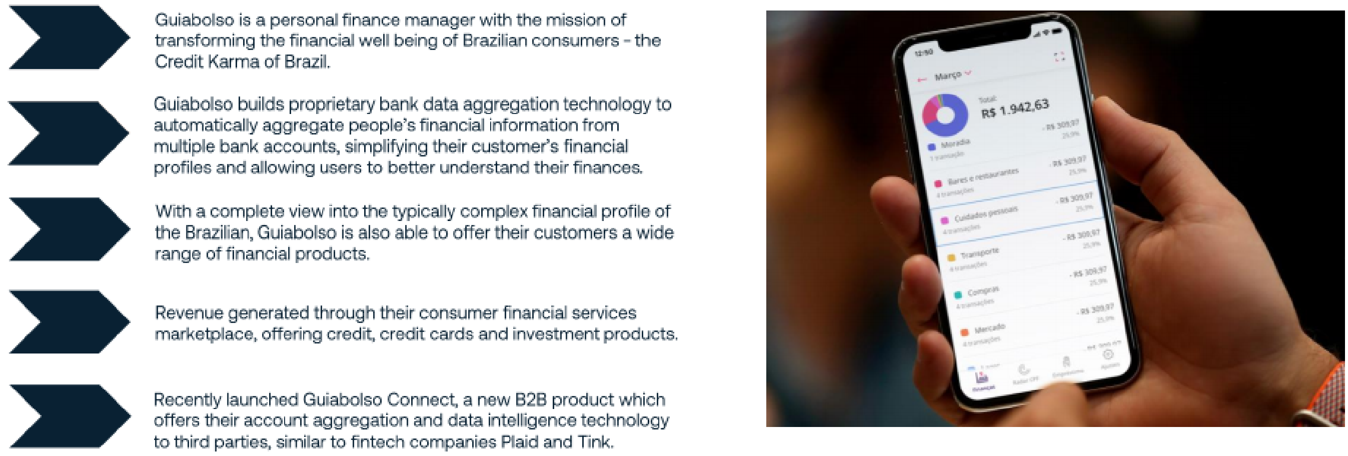
Founded in 2015, BlackBuck is India's largest online trucking platform and operates as a marketplace, matching shippers with truckers. The platform, apart from being a marketplace, provides benefits for both drivers and shippers, such as savings on tolls and fuel for drivers and end-to-end freight management for shippers. VEF describes it as the in-truck app of choice for truckers and the numbers agree, with 1.2m trucks on the platform and over 90% market share of online trucking activity.

Interesting market opportunity outside conventional fintech
In a report by McKinsey from 2019 the Indian logistics market was expected to grow at a CAGR of 10% up to 2024. However, the Indian logistics market is inefficient compared to more developed geographies, with logistics costs at 13-14% of GDP compared to developed nations at 8-10% of GDP. One key driver of the high costs, according to the report, is that the road transport sector is unorganised, which should benefit BlackBuck's growth prospects.

First investment in embedded fintech, and more to come?
VEF's management describes BlackBuck as a payment company in disguise with payment solutions in relation to fuel and tolls, for example. Embedded fintech is an area VEF is becoming increasingly interested in, and apart from mobility could also include companies with embedded fintech offerings in health and education.

Guiabolso – position exited

Brief overview of Guiabolso



Source: VEF investor presentation June 2021

Personal finance platform that aims to simplify its customers' lives
Guiabolso is a Brazilian personal finance management platform that aggregates customers' financial information from multiple bank accounts, simplifying their financial profiles and allowing them to better understand their finances and keep track of their budgets. The company offers a range of products including credit reports, investment products and credit cards. Guiabolso aims to simplify life for its customers, who often find it difficult to get an accurate overview of their personal finances at the traditional Brazilian banks. Given that Brazilians pay some of the highest interest rates in the world, it is especially important to have a personal finance management platform with a strong customer experience.

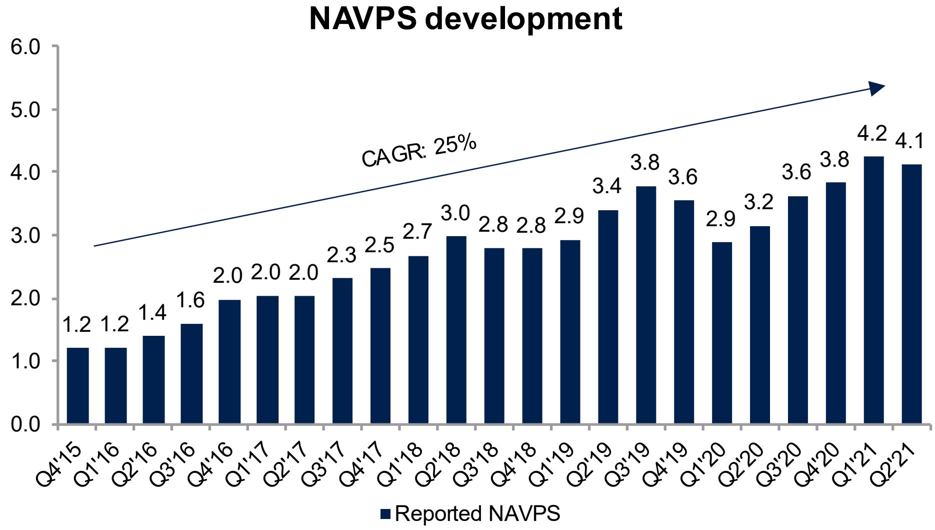
Performance has not gone according to plan – position exited
Guiabolso is so far the worst-performing investment among VEF's portfolio companies, due to a strategy shift which hurt the short-term revenue generation. VEF entered the company in October 2017 and has invested a total of USD 30m. In Q2'21, VEF sold down its position to 0m. However, in the Q2'21 report, VEF announced that it had exited Guiabolso, receiving USD 3m. This represents an IRR of -46% and CoC of 0.1x.

Strong financial track record

Since its inception, VEF has delivered a net asset value per share CAGR of 25%. This has been driven by strong value growth from current portfolio investments such as Creditas, Konfio, TransferGo and Juspay, but it has also been helped by the exits from Tinkoff Bank and iyzico.

NAVPS CAGR of 25% driven by Tinkoff Bank, iyzico & Creditas

Looking at VEF's NAV per share, it has grown at a CAGR of 25% since the end of 2015, going from SEK 1.2 to SEK 4.1 in Q2'21. The portfolio exits in Tinkoff Bank and iyzico have been strong contributors to this NAV growth, but so have fair value increases for investments like Creditas, Konfio, TransferGo and Juspay.

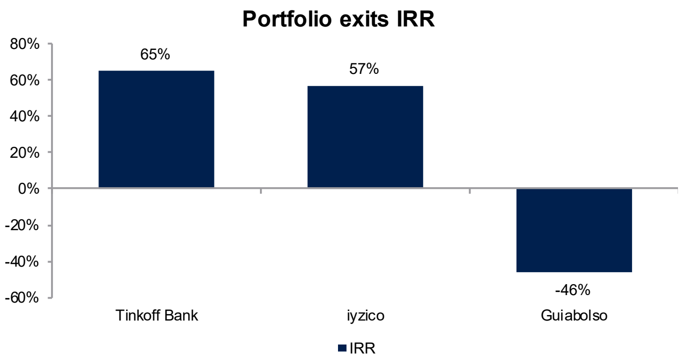


Source: Company data, ABGSC Research

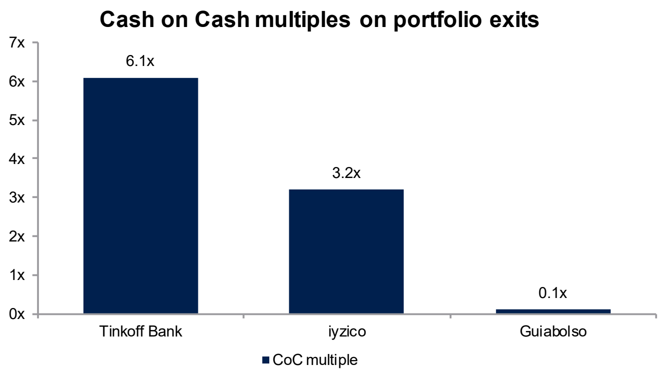
Decent track record when it comes to exits

VEF has a decent track record of value creation, with two very successful exits and one unsuccessful. In 2019, it carried out a successful exit of Tinkoff Bank, Russia's largest digital bank, in an IPO yielding a cash-on-cash (CoC) multiple of 6.1x and an IRR of 65%. The same year, it also exited iyzico, which was one of Turkey's leading providers of digital payment solutions, by selling its stake to Naspers. The exit yielded a CoC multiple of 3.2x and an IRR of 57%.

The exits of Tinkoff Bank (2019) and iyzico (2019) come out on top when evaluating VEF's portfolio in terms of CoC multiple and IRR. After Q2'21, VEF exited the Brazilian company Guiabolso, which generated a CoC multiple of only 0.1x and an IRR of -46%.

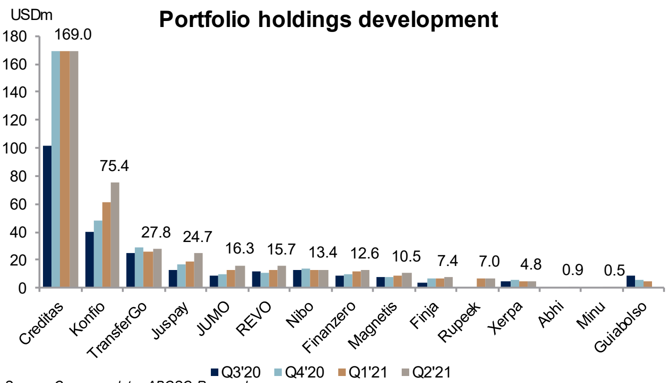


Source: Company data, ABGSC Research

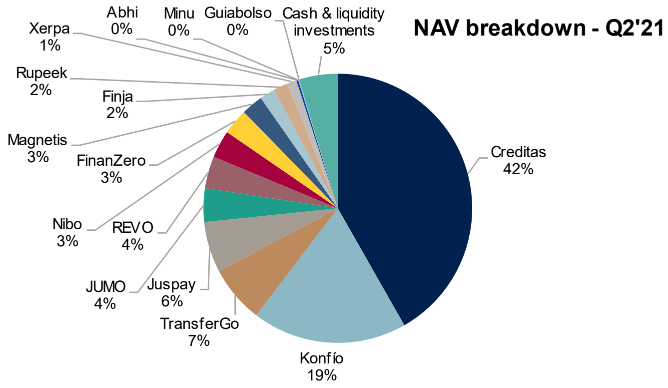


Source: Company data, ABGSC Research

Key holdings Creditas and Konfio (60% of NAV) have driven the NAV growth
Looking at the current portfolio, the key holdings Creditas and Konfio (60% of NAV) have primarily driven the NAV growth over the last 12 months. In the last reported quarter, Q2'21, Konfio grew its fair value by 24% q-o-q, but there was also healthy growth for Juspay and Jumo, up 32% and 25%, respectively, q-o-q.



Source: Company data, ABGSC Research

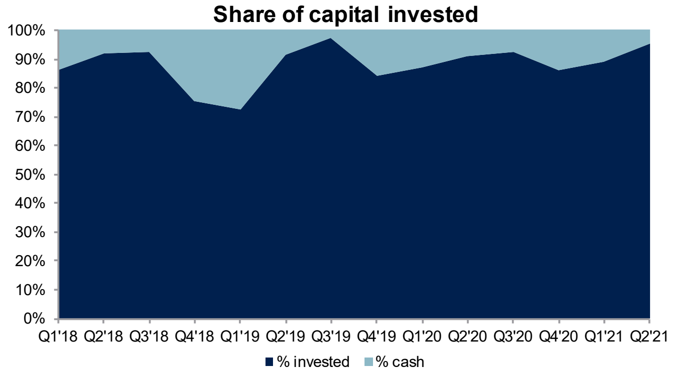


Source: Company data, ABGSC Research

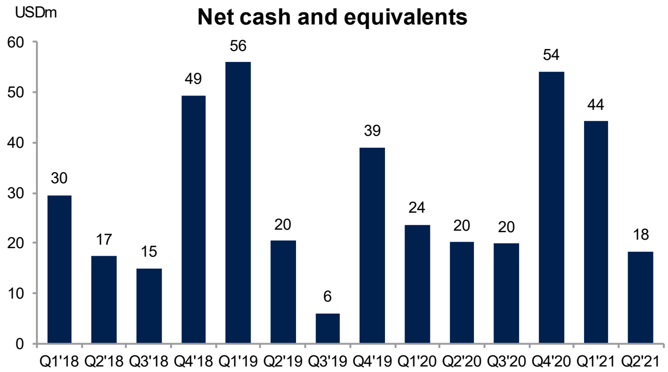
Historic net asset value overview (USDm)	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Creditas	25.0	25.0	25.0	25.0	25.0	73.2	73.2	73.2	50.4	80.7	102.1	169.0	169.0	169.0
Konfio		15.0	15.0	15.0	15.0	25.0	41.6	41.6	32.4	28.1	40.3	48.5	61.0	75.4
TransferGo	7.1	13.0	13.0	12.8	12.6	12.8	12.3	12.6	13.5	21.4	25.2	28.6	25.9	27.8
Juspay									13.0	13.0	13.0	17.4	18.7	24.7
JUMO	12.7	13.4	16.4	16.4	16.4	16.4	16.4	16.9	9.0	7.5	8.6	9.5	13.1	16.3
REVO	14.2	14.0	17.2	14.6	18.0	18.4	19.2	16.2	9.7	10.2	11.6	11.1	13.1	15.7
Nibo	3.3	3.3	3.8	5.0	8.6	10.0	8.5	10.6	7.0	11.3	13.1	13.6	13.2	13.4
Finanzero	5.4	5.0	5.1	5.0	4.9	7.8	7.3	7.7	5.4	7.6	9.0	9.9	12.3	12.6
Magnetis	3.0	3.0	3.7	5.8	6.3	6.5	8.1	8.1	5.7	6.6	7.7	8.3	8.9	10.5
Finja	1.2	1.2	3.3	3.3	3.3	3.3	3.4	3.4	2.3	2.5	4.2	6.7	6.7	7.4
Rupeek													7.0	7.0
Xerpa							8.5	8.5	4.5	4.5	4.9	5.8	4.9	4.8
Abhi														0.9
Minu													0.5	0.5
Guiabolso	30.0	30.0	19.6	15.3	11.0	10.9	10.4	11.5	9.8	9.6	8.7	5.4	4.8	
Other														
Tinkoff	71.4	62.2	48.8	7.9										
iyzico	9.0	17.6	19.0	25.9	26.1	33.9	33.9							
Total portfolio value (USDm)	**182.2**	**202.7**	**189.9**	**152.0**	**147.1**	**218.2**	**242.8**	**210.4**	**162.7**	**203.0**	**248.2**	**334.0**	**359.2**	**385.9**
Portfolio % of NAV	*86%*	*92%*	*93%*	*75%*	*72%*	*91%*	*98%*	*84%*	*87%*	*91%*	*93%*	*86%*	*89%*	*95%*
Net cash and equivalents	29.6	17.4	15.0	49.4	55.9	20.4	6.1	39.1	23.7	20.2	19.9	54.1	44.2	18.3
Cash % of NAV	*14%*	*8%*	*7%*	*25%*	*28%*	*9%*	*2%*	*16%*	*13%*	*9%*	*7%*	*14%*	*11%*	*5%*
Net asset value (NAV)	**211.8**	**220.2**	**204.9**	**201.4**	**203.1**	**238.7**	**248.9**	**249.4**	**186.4**	**223.2**	**268.2**	**388.1**	**403.4**	**404.3**
NOSH (fully diluted)	661	661	650	650	650	649	646	665	653	661	663	829	829	834
NAVPS (USD)	**0.32**	**0.33**	**0.32**	**0.31**	**0.32**	**0.37**	**0.39**	**0.38**	**0.29**	**0.34**	**0.40**	**0.47**	**0.49**	**0.48**
USD/SEK	8.4	9.0	8.9	9.0	9.3	9.3	9.8	9.3	10.1	9.3	9.0	8.2	8.7	8.5
NAVPS (SEK)	**2.68**	**2.98**	**2.79**	**2.78**	**2.93**	**3.41**	**3.78**	**3.55**	**2.88**	**3.15**	**3.63**	**3.83**	**4.24**	**4.12**
Share price (SEK)	2.14	2.01	2.05	1.75	2.28	2.5	2.76	2.94	1.98	2.14	2.57	4.04	3.75	3.76
NAV discount	**20%**	**33%**	**27%**	**37%**	**22%**	**27%**	**27%**	**17%**	**31%**	**32%**	**29%**	**-5%**	**12%**	**9%**

Source: Company data, ABGSC Research

Weak liquidity position after investments in Konfio and BlackBuck
Looking at the composition of VEF's net asset value, the percentage share of NAV accounted for by net cash has remained fairly stable since the beginning of 2018, averaging 12%. In Q2'21, that ratio fell to 5% following a financing round in Konfio. Given an additional investment of USD 10m in BlackBuck after Q2'21, we would not be surprised if VEF were to follow the same course of action as in Q4'20, when it strengthened its liquidity position through a private placement of USD 61m (before deduction of transaction costs). As highlighted earlier, the net cash and equivalents are mainly used to invest in new pipeline opportunities, make follow-on investments or buy back shares, but also to some extent to cover the company's operating expenses. Annual operating expenses in 2020 were USD 6m, with USD 3.3m in general administrative expenses and USD 2.7m in employee incentive programmes. In rolling 12-month terms, we expect the operating expenses to remain around USD 6m per quarter, on an annualised basis.



Source: Company data, ABGSC Research



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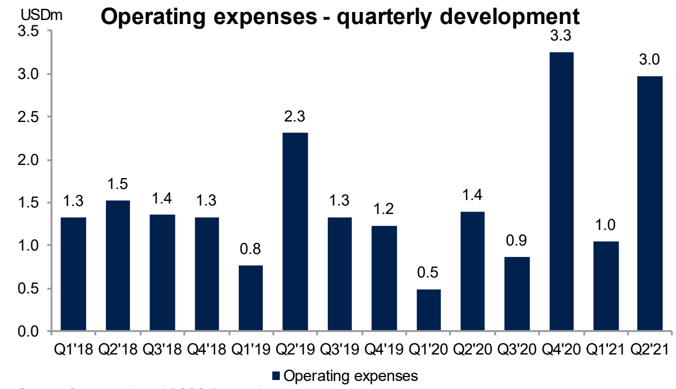
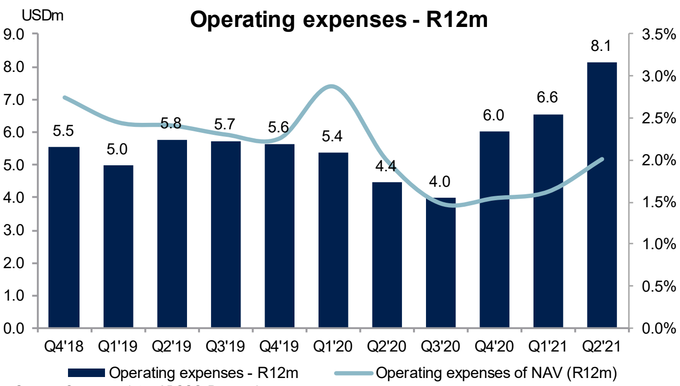


Source: Company data, ABGSC Research



Source: Company data, ABGSC Research

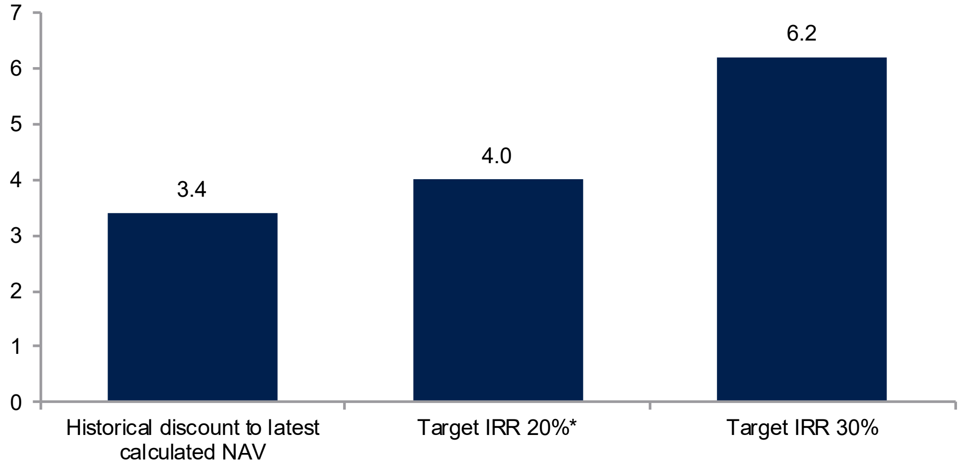
Investment team has 'skin in the game'

One aspect that we like is that key members of management have 'skin in the game', showing conviction in the investment thesis. For example, CEO David Nagle is currently a top-10 shareholder in the company, while the CFO is a top-20 shareholder. To align management incentives with the interests of shareholders, the company also has two long-term incentive programmes (LTIP) connected to the evolution of VEF's NAV development and its share price. In the event of a maximum performance (CAGR >20%), it could dilute the number of shares by 5%. However, since the LTIP is connected to value creation, we do not see this as a problem as both the shareholders and the investment team are pulling in the same direction.

Fair valuation range of SEK 3.4-6.2

We have used three different approaches to derive a fair valuation range for VEF: 1) a 19% discount to the last calculated NAV, in line with the five-year average discount; 2) a target IRR of 20%, in line with the current IRR average, and 3) a target IRR of 30%, in line with the company's own IRR target. In sum, we arrive at a fair value range of SEK 3.4-6.2.

Valuation overview



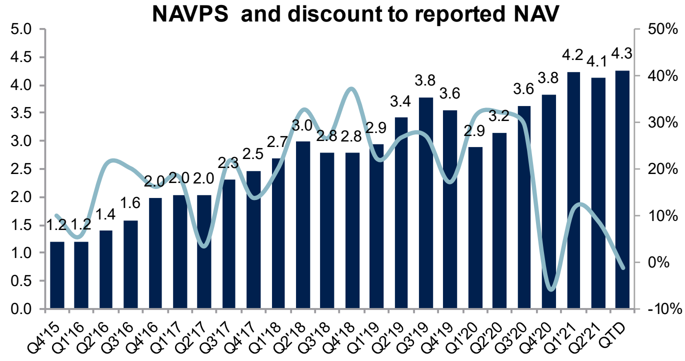
Source: Company data, ABGSC Research

** In-line with the current and historical average of the portfolio*

Approach 1 – 19% discount to last calculated NAV

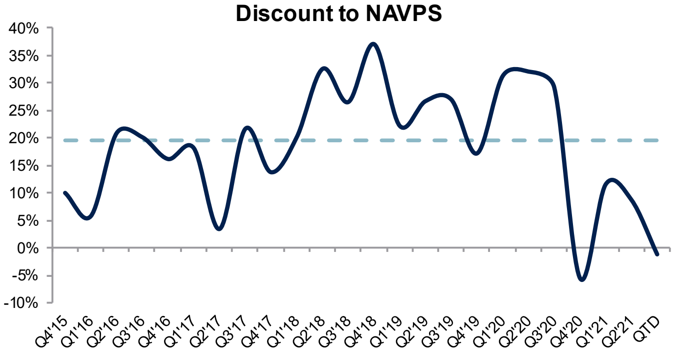
Since VEF listed in 2015, its discount/premium to NAV has ranged from a 5% premium to a 37% discount, with an average of a 19% discount. During H2'20, VEF re-rated following a large revaluation for its Creditas and Konfio holdings, being the primary drivers of the higher NAVPS. As of the last reported NAV adjusted for BlackBuck and Guiabolso, the VEF stock is currently trading at a 1% premium to our latest calculated NAVPS.

NAVPS and discount to reported NAV



Source: Company data, Refinitiv, ABGSC Research

Discount to NAVPS



Source: Company data, Refinitiv, ABGSC Research

What impacts the discount level for investment companies?

It is difficult to draw any hard conclusions, but we believe there are a few tangible factors that clearly affect the NAV discount for investment companies:

1) NAV performance: It is clear that historical NAV growth (and also projected future growth) is important for investment companies and impacts the discount level, with high NAV growth leading to a lower discount. This would speak favourably for VEF, given its strong NAVPS performance historically. The company highlighted in

connection with its Q2'21 report that it is confident about achieving further value creation in H2'21.

2) Transaction activity: In our opinion and from our research on the larger listed names, the market seems to reward active portfolio management, sometimes regardless of performance. So, acting in the short-term interests of the shareholders can pay off. Our research also indicates that expectations of an increase in portfolio activity tend to lead to a smaller discount. Given that the number of VEF's portfolio companies has increased in the last few quarters, and the company highlights a very active pipeline, this would also speak favourably for VEF.

3) Management costs: However, it is hard to measure the exact impact this has.

4) Uncertainty in valuations: Uncertainty in valuations of portfolio companies and low transparency have a negative impact on the discount factor generally.

5) Share of unlisted assets or hard-to-access assets vs. listed assets: A big share of non-public assets is generally positive for valuation, which would be in VEF's favour.

6) Measures to reduce the discount, such as share buybacks: In our opinion, this only has a temporary effect.

A 19% discount applied to last calculated NAV, in line with 5-year average
In our first approach, we have applied a 19% discount to the latest calculated NAV, in line with the company's 5-year historical quarterly average. We acknowledge that this might be on the conservative side given that VEF can use its share buyback mandate if the discount to NAV becomes too wide. However, as stated above, we believe this would only have a temporary effect on the discount level.

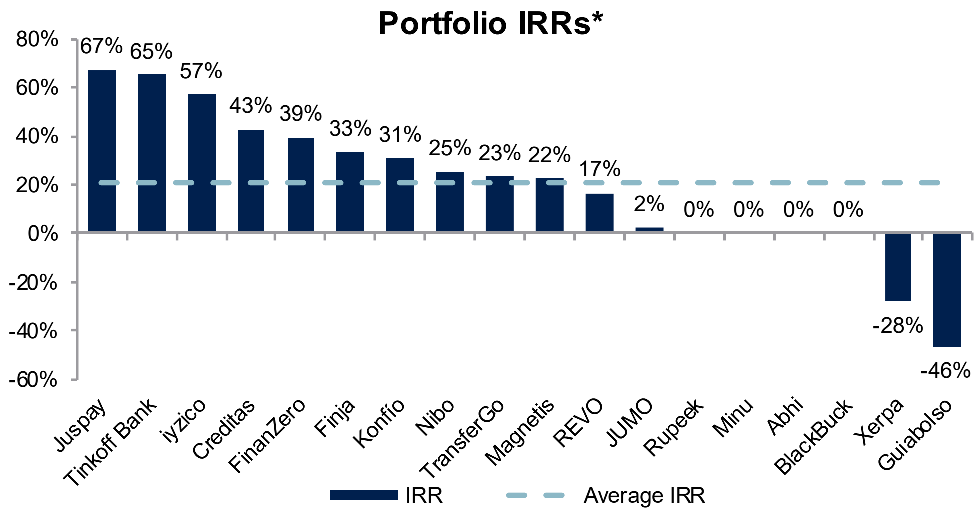
Applying a 19% discount to the latest reported NAV (Q2'21), plus the most recent announced investment in the Indian online trucking platform Blackbuck, would imply a fair NAVPS of SEK 3.4. One can make the argument that a discount to VEF's NAV is warranted given the company's focus on early-stage fintech companies in emerging markets, which have higher than normal funding risk, execution risk, and also little financial disclosure, which leads to higher valuation uncertainty.

VEF - Approach 1, 19% discount to latest reported NAV	
Latest calculated NAV	**407.3**
Historical discount to NAV	19%
Implied equity value	**328.0**
NOSH (m)	834
USD/SEK	8.7
Implied NAVPS (SEK)	**3.4**

Source: Company data, ABGSC Research

Approach 2 – Target IRR of 20% on investments by YE'23

VEF has an internal IRR target of 30% when it evaluates a new investment. Since its listing in 2015, the company has made two successful divestments, Tinkoff Bank and iyzico, which generated IRRs of 65% and 57%, respectively, well above the company's target. The company has also exited Guiabolso, which yielded a negative IRR of 46%. Looking at both the current and historical portfolio average, the IRR stands at 20%.



Source: Company data, ABGSC Research | ** Tinkoff Bank, iyzico & Guiabolso has been divested*

Target IRR of 20% implies fair NAV per share of SEK 4.0

In our second valuation approach, we have applied a target IRR of 20% (in line with the current and historical portfolio average) to all of VEF's holdings by the end of 2023e. We discount our future expected NAV using a cost of equity of 15% to reflect the risk of early-stage investment, liquidity risk, funding risk, etc. Our second valuation approach yields an implied fair NAV per share of SEK 4.0. We have chosen to apply a 0% discount to our calculated NAVPS given the company's strong track record and high asset scarcity.

Company	Inv. Date	Invested amount	Fair Value	Holding period	Current IRR	CoC multiple	Target date	Target IRR	Implied NAV
Creditas	Dec-17	73.4	169.0	3.7	43%	2.3x	Dec-23	20%	173.0
Konfío	Jun-18	47.3	75.4	3.2	31%	1.6x	Dec-23	20%	101.0
TransferGo	Jun-16	13.9	27.8	5.2	23%	2.0x	Dec-23	20%	40.0
Juspay	Apr-20	13.0	24.7	1.4	67%	1.9x	Dec-23	20%	25.8
JUMO	Oct-15	14.6	16.3	5.9	2%	1.1x	Dec-23	20%	57.5
REVO	Sep-15	6.7	15.7	6.0	17%	2.7x	Dec-23	20%	29.2
Nibo	Apr-17	6.5	13.4	4.4	25%	2.1x	Dec-23	20%	18.3
FinanZero	Mar-16	5.7	12.6	5.5	39%	3.1x	Dec-23	20%	11.3
Magnetis	Sep-17	5.7	10.5	4.0	22%	1.9x	Dec-23	20%	15.6
Finja	Jul-16	3.2	7.4	5.1	33%	2.5x	Dec-23	20%	8.1
Rupeek	Mar-21	7.0	7.0	0.5	0%	1.0x	Dec-23	20%	11.6
Xerpa	Sep-19	8.5	4.8	2.0	-28%	0.6x	Dec-23	20%	18.6
Abhi	Jun-21	0.9	0.9	0.2	0%	1.0x	Dec-23	20%	1.4
Minu	Mar-21	0.5	0.5	0.5	0%	1.0x	Dec-23	20%	0.7
BlackBuck	Jul-21	10.0	10.0	0.1	0%	1.0x	Dec-23	20%	15.5
Total		**217**	**396**						**528**
Net cash and equivalents									11
Operating expenses until '23e									-14
NAV - 2023e									**525**
Present value of NAV									385
NOSH (m)									834
USD/SEK									8.7
Fair NAVPS (SEK)									**4.0**

Source: Company data, ABGSC Research

Approach 3 – Target IRR of 30% on investments by YE'23

In our third valuation approach, we have applied VEF's own IRR target of 30% to all of its holdings by the end of 2023e. Also in this scenario, we discount our future 2023e NAV with a cost of equity of 15%. Our third valuation approach yields an implied fair NAV per share of SEK 6.2, which shows the potential if VEF's investments were to perform in line with the company's own target. Also in this scenario, we apply a 0% discount to our calculated NAVPS given the company's strong track record and high asset scarcity.

Company	Inv. Date	Invested amount	Fair Value	Holding period	Current IRR	CoC multiple	Target date	Target IRR	Implied NAV
Creditas	Dec-17	73.4	169.0	3.7	43%	2.3x	Dec-23	30%	256
Konfío	Jun-18	47.3	75.4	3.2	31%	1.6x	Dec-23	30%	144
TransferGo	Jun-16	13.9	27.8	5.2	23%	2.0x	Dec-23	30%	65
Juspay	Apr-20	13.0	24.7	1.4	67%	1.9x	Dec-23	30%	35
JUMO	Oct-15	14.6	16.3	5.9	2%	1.1x	Dec-23	30%	106
REVO	Sep-15	6.7	15.7	6.0	17%	2.7x	Dec-23	30%	57
Nibo	Apr-17	6.5	13.4	4.4	25%	2.1x	Dec-23	30%	29
FinanZero	Mar-16	5.7	12.6	5.5	39%	3.1x	Dec-23	30%	19
Magnetis	Sep-17	5.7	10.5	4.0	22%	1.9x	Dec-23	30%	25
Finja	Jul-16	3.2	7.4	5.1	33%	2.5x	Dec-23	30%	13
Rupeek	Mar-21	7.0	7.0	0.5	0%	1.0x	Dec-23	30%	14
Xerpa	Sep-19	8.5	4.8	2.0	-28%	0.6x	Dec-23	30%	26
Abhi	Jun-21	0.9	0.9	0.2	0%	1.0x	Dec-23	30%	2
Minu	Mar-21	0.5	0.5	0.5	0%	1.0x	Dec-23	30%	1
BlackBuck	Jul-21	10.0	10.0	0.1	0%	1.0x	Dec-23	30%	19
Total		**217**	**396**						**810**
Net cash and equivalents									11
Operating expenses until '23e									-14
NAV - 2023e									**808**
Present value of NAV									590
NOSH (m)									834
USD/SEK									8.7
Fair NAVPS (SEK)									**6.2**

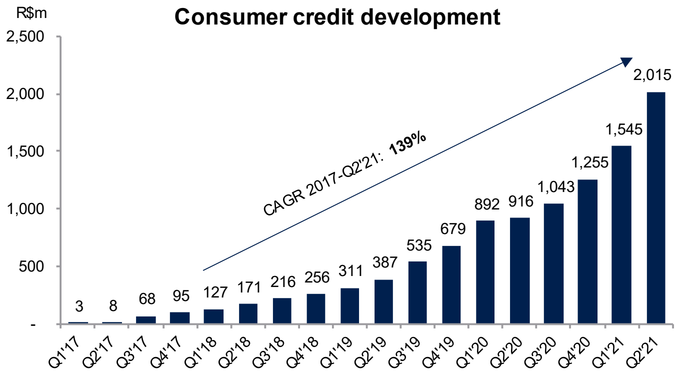
Source: Company data, ABGSC Research

Discretionary Creditas valuation points to value of USD 339m

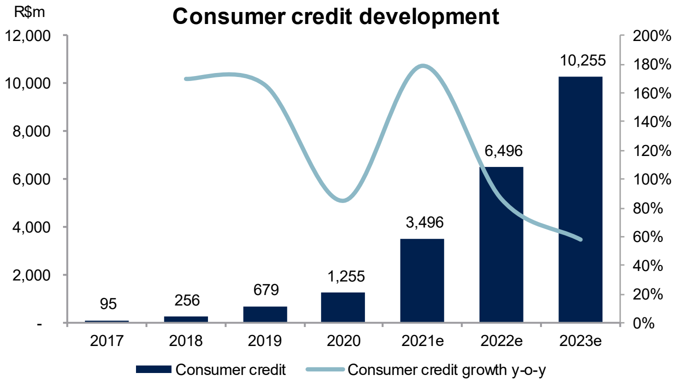
As a sanity check we have also done a discretionary valuation of Creditas. Generally, there is a lack of financial disclosure on VEF's portfolio holdings, except for Creditas, which has started to release some quarterly financial KPIs, since it is in the process of becoming ready to IPO in 2022. We believe Creditas becoming IPO ready represents a material NAV uplift potential for VEF.

Creditas growth trajectory is accelerating

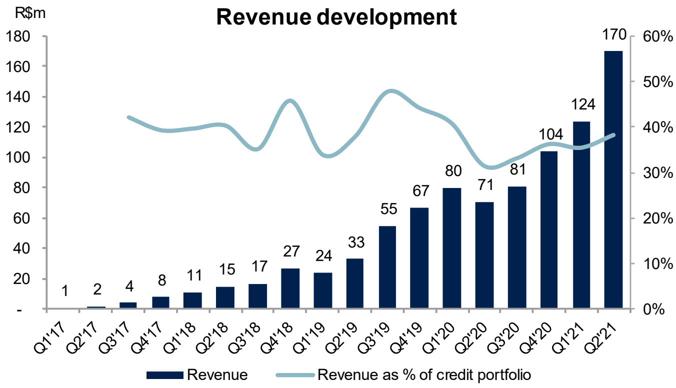
Looking at the period between Q4'17 and Q2'21, Creditas has grown its consumer credit book by a CAGR of 139%, albeit from a low base. As of Q2'21, its consumer credit book totalled more than BRL 2,000m. Looking at net new lending in Q2'21, it accelerated from the level in Q1'20. We forecast that Creditas will continue to see an acceleration in growth, which means that the growth rate for 2021e will by far surpass that in 2020, which was impacted by COVID-19. We expect net new lending to continue increasing in 2022 and 2023, but given a larger loan book, the expected growth rate in percentage terms comes down from >100% historically to 58% in 2023e. The company's revenue as a percentage of the average credit portfolio has remained rather stable over the last year, fluctuating between 30% and 40%, and has been around 35% in the last year. We expect this to persist, with lower funding costs and lower customer acquisition costs set to counteract competitive margin pressure, which means that we forecast Creditas to be able to generate BLR 2,931m, or ~USD 552m, in revenues in 2023.



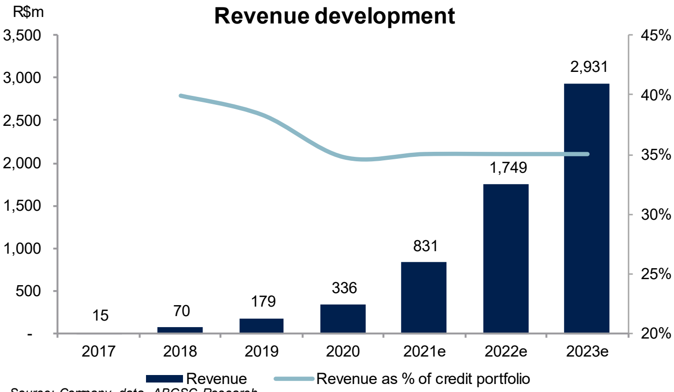
Source: Company data, ABGSC Research



Source: Company data, ABGSC Research



Source: Company data, ABGSC Research



Source: Company data, ABGSC Research

Peer multiple of 6x sales in 2023e implies valuation of USD 339m

Applying the 2023e price/sales multiple for the median of the two biggest lending peers in our fintech peer group overview, 6x, implies a valuation for Creditas of USD 3.5bn. Given VEF's ownership of 9.8%, this yields a valuation of USD 339m for the company's holding, compared to its own valuation of USD 169m as of Q2'21. Assuming a valuation of USD 339m would mean a boost to VEF's current NAV of 43%.

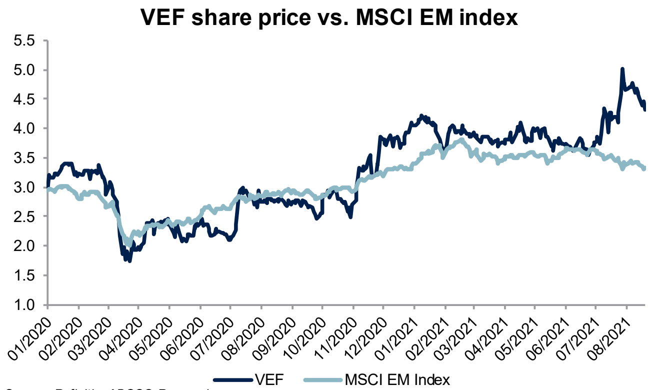
Peer-group valuation overview

Company	Mkt. Cap. (USDbn)	CAGR 2020-2023e Sales	EBITDA	EPS	EBIT-margin 2021e	2022e	2023e	Price/Sales (x) 2021e	2022e	2023e	EV/EBITDA (x) 2021e	2022e	2023e
Payments													
Adyen	85.1	38%	41%	46%	57%	58%	59%	75.2x	53.4x	39.3x	124.7x	86.6x	63.8x
Afterpay	27.4	64%	118%	N.a.	0%	10%	17%	40.7x	24.7x	16.5x	463.1x	165.9x	77.4x
PagSeguro	18.7	39%	45%	39%	22%	27%	28%	9.8x	7.3x	5.7x	31.8x	20.7x	15.3x
PayPal	315.9	21%	23%	24%	26%	26%	27%	12.3x	10.0x	8.3x	41.3x	33.5x	27.1x
Square	119.4	37%	60%	56%	2%	3%	4%	6.4x	5.7x	4.9x	122.0x	95.4x	66.7x
Stone	15.0	46%	55%	49%	45%	52%	50%	15.3x	9.9x	8.1x	28.2x	16.4x	13.0x
Worldline	24.5	28%	33%	22%	20%	20%	22%	4.1x	3.8x	3.5x	18.3x	15.6x	13.8x
Average		**39%**	**54%**	**39%**	**25%**	**28%**	**30%**	**23.4x**	**16.4x**	**12.3x**	**118.5x**	**62.0x**	**39.6x**
Median		**38%**	**45%**	**42%**	**22%**	**26%**	**27%**	**12.3x**	**9.9x**	**8.1x**	**41.3x**	**33.5x**	**27.1x**
Lending													
Alteryx	4.8	16%	5%	-12%	-2%	2%	7%	9.1x	7.6x	6.1x	902.2x	134.9x	49.3x
GreenSky	1.4	10%	29%	44%	28%	28%	28%	2.7x	2.3x	2.0x	7.5x	6.5x	5.7x
LendingClub	2.6	58%	N.a.	N.a.	16%	25%	27%	3.5x	2.5x	2.1x	621.2x	31.6x	19.4x
Q2 Holdings	4.6	20%	45%	89%	4%	5%	6%	9.2x	7.7x	6.4x	135.8x	95.4x	68.9x
Average		**26%**	**26%**	**40%**	**12%**	**15%**	**17%**	**6.1x**	**5.0x**	**4.2x**	**416.7x**	**67.1x**	**35.8x**
Median		**18%**	**29%**	**44%**	**10%**	**15%**	**17%**	**6.3x**	**5.1x**	**4.1x**	**378.5x**	**63.5x**	**34.4x**
Financial SaaS													
Fortnox	3.2	30%	28%	30%	33%	36%	38%	28.7x	22.2x	17.2x	68.1x	50.3x	37.0x
Guidewire Software	9.2	5%	-28%	-33%	2%	0%	3%	12.5x	11.9x	10.8x	209.1x	647.8x	189.0x
Intuit	145.6	17%	19%	17%	36%	36%	37%	15.5x	13.3x	11.8x	39.5x	33.7x	29.4x
Lemonade	4.3	48%	20%	0%	-171%	-98%	-54%	34.4x	20.8x	13.9x			
SimCorp	5.5	8%	8%	12%	27%	28%	28%	9.5x	8.6x	8.0x	31.5x	28.1x	25.8x
Temenos	11.7	10%	11%	13%	35%	36%	36%	11.7x	10.6x	9.6x	27.4x	24.7x	22.2x
Xero	15.6	22%	23%	-166%	4%	8%	12%	20.9x	16.9x	14.0x	109.5x	77.9x	59.4x
Average		**20%**	**12%**	**-18%**	**-5%**	**6%**	**15%**	**19.0x**	**14.9x**	**12.2x**	**80.9x**	**143.8x**	**60.5x**
Median		**17%**	**19%**	**12%**	**27%**	**28%**	**28%**	**15.5x**	**13.3x**	**11.8x**	**53.8x**	**42.0x**	**33.2x**
Wealth mgmt. & online banking													
AJ Bell	2.4	12%	10%	11%	40%	37%	40%	12.1x	11.5x	10.2x	26.7x	26.3x	24.1x
Avanza	5.5	3%	N.a.	0%	70%	60%	62%	15.8x	18.0x	18.0x			
Banco Inter	10.1	74%	N.a.	332%	10%	20%	25%	24.3x	14.6x	9.9x			
Hargreaves Landsdown	9.7	8%	1%	2%	58%	53%	53%	11.1x	11.7x	10.8x	18.5x	19.8x	18.4x
Nordnet	4.2	5%	N.a.	8%	66%	61%	63%	10.8x	11.8x	11.4x			
XP	24.9	35%	34%	33%	29%	29%	30%	11.0x	8.4x	6.8x	40.4x	32.1x	25.2x
Average		**23%**	**15%**	**64%**	**46%**	**43%**	**46%**	**14.2x**	**12.7x**	**11.2x**	**28.5x**	**26.0x**	**22.5x**
Median		**10%**	**10%**	**9%**	**49%**	**45%**	**46%**	**11.6x**	**11.8x**	**10.5x**	**26.7x**	**26.3x**	**24.1x**

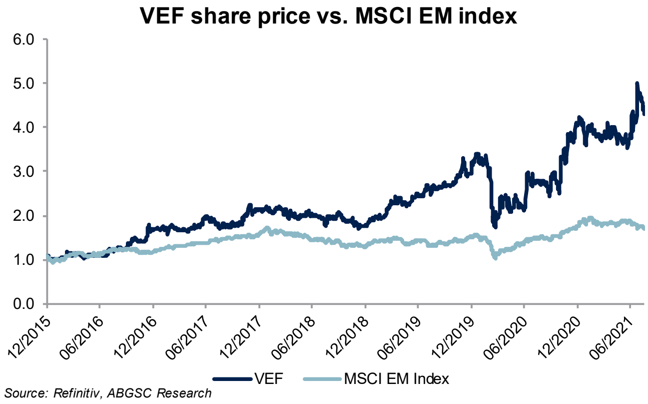
Source: Factset, ABGSC Research

VEF has continuously outperformed MSCI Emerging Market Index

Comparing the VEF stock with the MSCI Emerging market Index, VEF has just outperformed the index since the beginning of 2020. Going back to the company's inception in 2015, the VEF share has outperformed the MSCI Emerging Market Index by more than 150%.



Source: Refinitiv, ABGSC Research



Source: Refinitiv, ABGSC Research

Risks

Valuation risks: Fintech has received significant investor attention over the last couple of years. In addition to global quantitative easing and low interest rates, this may have boosted valuations. If we also consider the low transparency in VEF's portfolio companies (except Creditas), since they do not report any financial data, it is hard to cross-check their underlying performance, KPIs, cash burn, etc. All in all, this implies some valuation uncertainty.

Funding risk: Since all the portfolio companies are in growth mode and in general are loss-making, this leads to a continued need for funding in order for the companies to grow. If the companies' performance is weaker than expected and/or the future outlook has deteriorated, this could lead to lower fair value valuations in new funding rounds, or in a worst-case scenario, bankruptcy.

Market and macro risk: The revenues from VEF's portfolio companies could be negatively impacted by an economic downturn or adverse geopolitical developments. Protectionism, raised tariffs or other constraints on capital flows could negatively affect global GDP growth for an extended period of time.

FX and political risk: Given VEF's niche of investing in emerging markets, the company is also exposed to FX and political risks. VEF is especially exposed to the USD/SEK, since it invests and reports in USD, but its NAV per share and share price are quoted in SEK.

Competition and business model risk: We believe that the majority of VEF's portfolio companies have benefitted from the digitalisation shift that has occurred over the last decade. However, given the fast pace of technological development, new business models may arise that capture the market opportunity in a better way than VEF's portfolio companies, which could lead to a deterioration in market share and lower valuation.

Corporate governance risk: When investing in emerging markets and in earlier-stage companies the corporate governance risk is higher. However, given that VEF aims to always have board representation in the companies in which it invests, we believe this risk is partly mitigated.

Relative underperformance: There is a risk that VEF could start to underperform its competitors (investment companies). The firm's investors will compare and evaluate the company against other investment alternatives; consequently, VEF will need to continuously perform strongly on a relative basis.

Risk of losing key employees: Given that the investment team only has eight members, the company is highly dependent on its key employees. If a number of key employees were to leave for a competitor or, alternatively, start up their own business, it could have a negative impact on the operations.

Appendix I – Investment team

David Nangle
Managing Director

Experience: 20+ years EM FS
- Renaissance Capital Head of Research and Financials Sector Research
- ING Barings Head of EMEA Financials Research
- **Education:** Degree in B. Comm Intl. (French) from University College Dublin

Henrik Stenlund
CFO

Experience: 15+ years
- COO of Pomegranate Investment, VNV
- CEO, Strix Television
- **Education:** MSc in Business and Economics

Alexis Koumoudos
Investment Partner

Experience: 10 years EM investing and 5 years entreprenuer
- Partner at Skyline Capital Management, an emerging market focused hedge fund
- **Education:** MSc in Quant Finance & BA in Business Fin. from Durham University

Cathal Carroll
Investment Manager

Experience: 15 years+ experience in the financial services industry across DM and EM
- Co-founder of Carraighill, an independent research firm focused on global financial service companies

Shashi Shekhar Mahajan
Investment Associate

Experience: 5+ years of EM private equity investing and investment banking
- PE professional at True North Managers India, a growth buyout PE managing $3B
- IB Analyst at JP Morgan India
- **Education:** MBA from London Business School and BEngineering from BITS Pilani

Éire Smith
Investment Associate

Joined VEF straight out of university
- **Education:** BA in Business and Economics from Trinity College Dublin

Helena Caan Mattsson
General Counsel / Head of Sustainability

Experience: Extensive background in M&A, private equity and corporate law
- Associate at Cederquist, Baker & McKenzie, Roschier
- **Education:** LL.M form Stockholm University & LL.M in Business Law from Jönköping International Business School

Elisabet Hultén
Deputy CFO

Experience: 10+ years of several roles within finance function in Big Four
- Business Controller, DIBS Payment Services
- **Education:** MSc in Business Administration from Gothenburg School of Economics and Law

Source: VEF

Appendix II – Board of directors

Lars O Grönstedt
Chairman of the Board

Experience:
- CEO of Handelsbanken between 2001–2006, and Chairman of the Board of Handelsbanken between 2006–2008

Education:
- BA in languages and literature from Stockholm University, and an MBA from Stockholm School of Economics

Per Brillioth
Board Member

Experience: 22+ years of EM investing
- MD of VNV Global AB (VNV)
- Head of the Emerging Markets section at the Swedish investment bank Hagströmer & Qviberg between 1994 and 2000

Education:
- Graduate of Stockholm University and a Master of Finance from London Business School

Ranjan Tandon
Board Member

Experience:
- Founder and Chairman, Libra Advisors
- Several operating positions with DCM in India and Halliburton in Europe; CFO of InterMarine
- **Education:**
- Degree in Chemical Engg. from Indian Institute of Technology Kanpur, India and a graduate of Harvard Business School

Allison Goldberg
Board Member

Experience:
- Partner at Saints Capital Media Ventures and former partner at Advancit Capital

Education:
- Bachelor of Science in Economics from Wharton School at the University of Pennsylvania

David Nangle
Board Member and Managing Director

Experience:
- Renaissance Capital Head of Research and Financials Sector Research
- ING Barings Head of EMEA Financials Research

Education:
- Degree in B. Comm Intl. (French) from University College Dublin

Hanna Loikkanen*
Board Member

Experience:
- 25+ years of experience in emerging markets
- Independent Non-Exec Director at Finnfund and Bank of Georgia
- 13+ years at East Capital, a specialist in emerging & frontier markets

Education:
- Master of Economics at Helsinki School of Economics and Business Administration

Source: VEF

Appendix III – Ownership overview

Name	# of shares	% of capital & votes
Ruane, Cunnif & Goldfarb	176,832,109	21.2%
Libra Fund	124,198,165	14.9%
Wellington Management	85,857,094	10.3%
Sw edbank Robur Funds	71,874,245	8.6%
Fidelity Investments (FMR)	53,846,358	6.5%
Fidelity International (FIL)	26,267,586	3.1%
David Nangle	14,751,312	1.8%
Svenska Handelsbanken AB for PB	13,704,000	1.6%
Avanza Pension	13,494,199	1.6%
GADD & Cie S.A.	13,280,957	1.6%
Total top ten shareholders	**594,106,025**	**71.2%**
Others	**240,371,143**	**28.8%**

Source: Holdings, ABGSC Research

Analyst certification

I/We, Derek Laliberté, Patrik Brattelius, the author(s) of this report, certify that not withstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report.

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