



## Initiating Coverage on G2D

Interesting asset  
with quick wins ahead

### Equity Research

BTG Pactual Financials

### Company Note

June 2021

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## G2D Investments

### Interesting asset with quick wins ahead

#### A unique asset on B3; GP's tech-related VC fund

We initiate coverage on G2D with a Buy rating and a mid-2022 TP of R\$8.2 per share (39% upside). Operating basically as a late-stage tech VC fund with exposure to seven companies in different segments, G2D is a unique asset on the Brazilian stock exchange. The tech-related investment vehicle was created by traditional private equity player GP Investimentos in 2020. While its revenues are booked based on variation in total net asset value (NAV) over time, its costs stem mainly from management and performance fees charged by GP for watching over the portfolio. G2D was listed on the Bermuda Stock Exchange but mainly trades as a BDR on B3.

#### Quick NAV wins on the horizon

With total NAV of R\$657mn on May 2021, some of the assets look like quick wins, such as Mercado Bitcoin, Craftory and CERC (together representing 45% of total NAV). Mercado Bitcoin is a crypto exchange valued at "only" R\$390mn that plans to IPO in the near future. Craftory is an offshore investment house with exposure to NotCo, a food-tech aiming for unicorn status (US\$1bn valuation) in its next funding round. CERC is one of the central registries for the new credit card receivables model that went live a couple of weeks ago. Since ~50% of investments are offshore, G2D's functional currency is USD.

#### A fair P/NAV of 1.3x (39% upside)

Since G2D only holds minority stakes of non-listed companies, there isn't much information available (including their financial statements), so it's hard to properly value the assets. Our TP thus stems from a NAV exercise based on some potential quick wins. Since NAV could grow significantly in the short term, we believe a 1.3x P/NAV valuation makes sense (vs. 0.9x at the current price). Indeed, 1.3x P/NAV is the average multiple traded by other investment vehicles with similar characteristics listed offshore. As a result, we reach a TP of R\$8.2 per share for the BDR (39% upside).

#### Interesting asset + nice upside = initiating with a BUY

We see G2D as a very interesting asset that gives investors a different type of exposure to high-growth tech companies in the latter VC stages. Stock liquidity is admittedly low, with a free float of under R\$200mn. But with potential to deliver NAV growth, we see room for follow-on offers, thus improving liquidity. Yes, there are risks related to liquidity and transparency, and GP's track record as a listed company doesn't help much either. But with potential for quick wins ahead, we give G2D the benefit of the doubt and initiate with a BUY rating.

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## Investment Thesis: Initiating on G2D with BUY

G2D was created by GP Investimentos in 2020 and is incorporated in Bermuda. It provides perpetual late-stage VC funding to tech companies, offering investors exposure to VC plays that are more mature, and thus a few steps closer to their IPOs. While the company's revenues are based on variation in total net asset value (NAV) over time, its costs stem mainly from management and performance fees charged by GP for taking care of the portfolio, although there are also some fiduciary management fees and governance related expenses.

GP Investimentos is a private-equity pioneer in Brazil that was founded by Jorge Paulo Lemann, Carlos Sicupira and Marcel Telles in 1993. A decade later, control was passed to GP's current CEO and chairman, Antônio Bonchristiano and Fersen Lambranh, respectively. GP has a long track record in the financial markets, investing in over 50 companies spread across 17 different sectors, while raising over US\$5bn in AUM via 8 funds, including around US\$1bn in proprietary capital.

GP initiated its offshore operations in 2016 after acquiring Swiss asset manager Spice PE. It currently has a global footprint, with offices in New York, London, São Paulo and Bermuda, investing in companies all around the globe. In 2020, it decided to separate its tech-related investments into a new vehicle called G2D, at the time including investments in Blu, Quero Educação, CERC, Craftory and Expanding Capital. Later on, G2D also invested in Sim;paul and Mercado Bitcoin. G2D has a total NAV of R\$657mn as of May 2021, including total investments of R\$556mn and R\$101mn in net cash. We provide a summary of the assets in the table below, going into more detail on pages 8 to 12.

Table 1: G2D NAV

	Description	Valuation (BRL mn)	Stake (%)	G2D position (BRL mn)	CoC (BRL mn)
	Fintech operating in a less competitive space with an innovative system and already profitable business model	671	24%	163	2.4x
	Investment house with a permanent pool of capital of +US\$400mm to invest in mission-driven CPG brands	1,611	16%	264	1.2x
	Invests in the fast-growing venture capital market in the Silicon Valley in series C+ rounds	n.a	n.a	60	1.1x
	Leading Brazilian education platform, aiming to help students choose and enroll in post-secondary institutions paying discounted tuitions, while helping partnering institutions dramatically reduce their vacancy	909	3%	29	1.0x
	Provides infrastructure for the financial credit market, with receivables validation, registration and clearing services	468	3%	16	1.0x
	Investment platform focused on providing a simple and transparent experience to clients and a unique offering to IFAs	202	5%	10	0.9x
	Digital assets platform, mainly focused on cryptocurrencies. The controller also owns Bitrust, a digital assets custodian, and MeuBank, a digital assets wallet	390	3%	14	1.0x
<b>Total Investments</b>		<b>4,252</b>		<b>556</b>	<b>1.5x</b>
<b>Net Cash</b>				<b>101</b>	
<b>Total NAV</b>				<b>657</b>	

Source: BTG Pactual, company reports; the CoC column indicates how the current valuation is booked compared to the entry valuation

G2D is officially headquartered in Bermuda, which allows greater tax efficiency for the group's investments. And given that ~50% of investments are offshore, its functional currency is USD. In May 2021, the company went public on the Bermuda Stock Exchange, but it also trades as a BDR on B3. Given the listing in Bermuda, GP Investimentos (controller) and its shareholders own all Class B shares, which have stronger voting power, allowing further dilution ahead. GP Investimentos holds 71% and 96% of the economic and voting shares, respectively, with the remainder being a free float.

We believe G2D is a unique asset on the Brazilian stock exchange, as it is basically a listed late-stage tech VC fund with exposure to several companies around the world. And we also believe that some of these companies are quick wins in terms of NAV growth, including Mercado Bitcoin, Craftory and CERC (together representing 45% of NAV).

For starters, Mercado Bitcoin is a crypto asset exchange company valued at "only" R\$390mn that plans to IPO in the near future. Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation. The exchange boasts over 2.7mn users (>70% of individual investors on B3) and we expect it to "easily" be worth more than current valuation post-IPO.

Meanwhile, Craftory is an investment house exposed primarily to Europe and the US, with one of its main assets being NotCo (~12% of the portfolio), a food-tech company focused on plant-based alternatives that is aiming for unicorn status (US\$1bn valuation) in its next funding round later this year. During its last round in September 2020, it was valued at US\$300mn, according to blog Tech Crunch.

As for CERC, it is one of the central registries for the new credit card receivables model that became fully operational a couple of weeks ago. Since there are only two other authorized registries and all acquirers in the system will need to connect to at least one, we believe that the current valuation booked in G2D's portfolio (R\$468mn) could very easily get a boost with the system going fully operational.

Expanding Capital is a fund that used to have exposure to US crypto exchange Coinbase, which was divested at 33x MOIC right after its IPO (last April). This generated an NAV gain of R\$27mn, ~50% upside from its former position marked in December 2020.

As we mentioned above, G2D is different from "traditional" funds, as it is a listed company and investors have access to liquidity by selling the stock, instead of withdrawing their money and generating outflows. This is certainly positive for GP, as it means access to perpetual funding for its tech exposure. However, we flag that the liquidity of the stock is not very high, with a free float of only R\$260mn, mainly spread across individual investors, which usually don't have access to illiquid funds that grant exposure to high-growth VC companies.

But with the significant and quick NAV wins on the horizon, we believe there could be room for follow-ons ahead, improving the liquidity of the stock. We believe G2D is also an interesting opportunity for institutional investors, as it allows a different type of exposure than the rest of the Brazilian stock exchange, sweetened by the solid

potential NAV growth in the ST. On the other hand, given that G2D only holds minority investments, information about the companies is sparse (mainly qualitative and some KPIs, with no financial statements), which hampers our ability to estimate future NAV growth and, consequently, the potential stock price.

Another concern is GP Investimentos' track record as a publicly-traded company. The company IPOed in 2006, and just like G2D, it is traded as a BDR on B3. The stock performance since its listing hasn't been very inspiring, down ~80%, partially explained by the strong setback in the portfolio due to the 2008 financial crisis, which hurt confidence in the stock right at the outset. And this was followed by two more crises in Brazil (2015-17 and the current one), so we flag that GP Investimentos currently trades at a low ~0.5x P/NAV.

We believe G2D should trade at a P/NAV multiple, which could vary depending mainly on (i) the likelihood of appreciation/depreciation of the portfolio; (ii) the level of confidence in GP Investimentos' ability to generate successful LT investment opportunities; and (iii) the liquidity of the vehicle.

With G2D currently trading at 0.9x P/NAV, the valuation looks attractive, with potential upside of 39% on the latest market cap of R\$604mn. Our TP stems from a NAV exercise, in which we forecast some potential impacts on each of the current investments over the next 12 months. We explain the rationales behind each estimate in a specific section later in the document (page 13). Primarily helped by Mercado Bitcoin expected appreciation, our mid-2022 NAV is R\$841mn. And assuming a 1.0x P/NAV with the expected mid-2022 NAV, we reach a TP of R\$8.2 per share for the BDR (39% upside). Considering the latest NAV of R\$657mn, this TP implies a fair P/NAV of 1.3x.

Below we introduce some investment vehicles with similar characteristics. On average, they trade at premiums to their NAVs.

**Table 2: Main peers P/NAV**

	Listing	Geographic Exposure	Functional Currency	Most Recent NAV (USDmn)	Market Cap (USDmn)	P/NAV
<b>G2D</b>	<b>Bermuda/Brazil</b>	<b>USA, UK, European Union and Brazil</b>	<b>USD</b>	<b>130</b>	<b>120</b>	<b>0.9x</b>
Draper Esprit	UK	UK and European Union	GBP	1,460	1,855	1.3x
Merian Global Investors	UK	UK	GBP	1,586	1,754	1.1x
Hg Capital Trust	UK	USA and UK	GBP	1,291	2,042	1.6x
VNV Global	Sweeden	USA and European Union	SEK	1,242	1,161	0.9x
Baillie Gifford	UK	USA	USD	706	1,410	2.0x
Augmentum	UK	UK and European Union	GBP	258	271	1.1x
TMT Investments	UK	USA and European Union	USD	178	299	1.7x
<b>Peers Average</b>				<b>856</b>	<b>1,114</b>	<b>1.3x</b>

Source: BTG Pactual, company reports

All in all, we believe G2D is a very interesting asset, allowing a different type of exposure to high-growth tech companies in the latter VC stages. Indeed, there are some risks associated with liquidity and transparency that the vehicle could face over time, and GP's track record as a listed company doesn't help much either. But considering the potential for quick wins ahead, we are giving it the benefit of the doubt and initiating our coverage with a BUY rating.

## Who is G2D?

G2D was created by GP Investimentos in 2020 and is incorporated in Bermuda, providing perpetual funding to tech companies. It basically operates as a late-stage venture capital (VC) fund, offering investors exposure to VC type investments that are more mature, and thus a few steps closer to their IPOs.

The company's revenues stem from variation in total NAV, which reached R\$657mn after the IPO, including total investments of R\$556mn and R\$101mn in net cash. Its NAV is revised at least once a year and calculated by GP's management team and evaluated by auditing company Deloitte, although revisions could take place more frequently if GP sees a significant change in the investment case and a need to update the valuation. The so-called "liquidity events", such as new funding rounds or IPOs, also provide new reference values for the assets, allowing G2D to eventually reprice them accordingly.

We consider important to recall that G2D went to the IPO with a total NAV of R\$378mn (base date December, 2020) and since then, was subject to some events we think might be worth mentioning, such as the IPO itself, generating net proceeds of R\$242mn; the aforementioned gain of R\$27mn from Coinbase's disinvestment in Expanding Capital's portfolio; in addition to a positive variation of R\$10mn derived from the increase in Company's debt position, FX changes and other less relevant impacts. That's how we explain the delta of R\$279mn in the NAV's position, which is totaling now R\$657mn.

G2D main costs are management and performance fees charged by GP for taking care of the portfolio, amounting to 1.5% of NAV and 10% of excess booked returns, respectively (the benchmark for excess returns is 5% p.a. in USD – see table 3). But the company also has fiduciary management fees and some expenses related to its listed companies and governance, although these are not that relevant in terms of NAV.

See Table 1 above for a summary of G2D's investments, for which we go into more detail on pages 8 to 12:

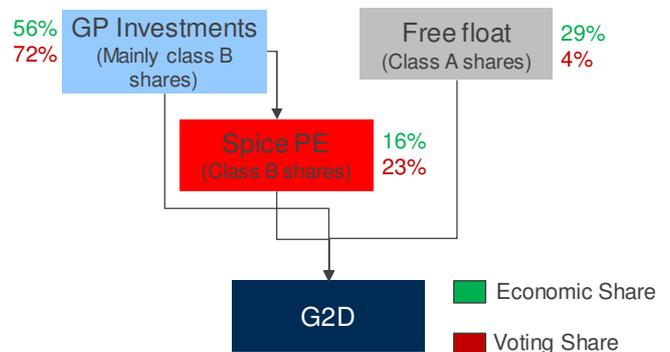
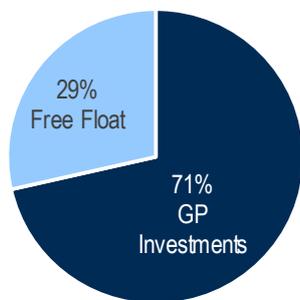
Table 3: G2D management and performance fee simulation

Hypothetical scenario	2020	2021	2022
<b>EqP NAV (R\$m)</b>	<b>1,000.0</b>	<b>1,020.0</b>	<b>1,120.0</b>
% var		2.0%	12.0%
Annual hurdle rate of 5%		5.0%	10.3%
<b>NAV + hurdle rate (R\$m)</b>		<b>1,050.0</b>	<b>1,102.5</b>
<b>Excess return</b>		<b>0</b>	<b>17.5</b>
There will be performance fees?		No	Yes
<b>Performance fee (R\$m) - 10% of excess return</b>		<b>0</b>	<b>1.8</b>
<b>Management fee (R\$m) - 1.5% of NAV</b>		<b>15.3</b>	<b>16.8</b>
<b>Total fees paid to GP (R\$m)</b>		<b>15.3</b>	<b>18.6</b>

Source: BTG Pactual, company reports

The G2D portfolio was fully owned by GP shareholders prior to the IPO, but its stake dropped to 71% post-IPO. Considering that GP Investimentos owns all the Class B shares, which have 10x the voting power of the Class A shares (included in the free float), GP has even greater voting power of 96%. In order to protect the interest of minority investors, there are 2 independent board members and 100% tag-along rights.

Figure 1: Post-Deal Ownership Stake



Source: BTG Pactual, company reports

In order to ensure that G2D captures all the tech/high-growth opportunities appearing before GP's management team, G2D has priority on all investment opportunities generated by GP that fit its strategy:

1. Investments in late-stage, high-growth tech companies.
2. Investments in digital-native and direct-to-consumer companies around the globe (Craftory).
3. Investments in early stage tech companies in Silicon Valley/US (Expanding Capital).

Given it is headquartered in Bermuda, G2D has a very efficient tax structure, with taxes at the investment level depending on the vehicle used. Offshore exposure like Craftory and Expanding Capital are exempt, and so are Brazilian investments under a FIP structure (or participation fund) where G2D doesn't own more than 40% stakes in the vehicles. In the case that it does own more than 40% of the FIP, taxes on capital gains and dividends are 15%. And for the specific case of its direct investment in Quero Educação, capital gains are taxed at 22.5%.

With the cash raised from divestments, G2D could pay dividends, although it has no legal obligation to do so. We also believe the intention is to keep recycling the cash for new investments, fostering additional NAV growth, while investors have access to liquidity by selling the stock.

G2D currently has ~R\$101mn in net cash (considering its debt), which should be deployed for new investments and to cover previous capital commitments to Craftory and Expanding Capital. The company also intends to co-invest in some companies that Craftory and Expanding Capital are looking at, participating alongside them in funding rounds and leveraging their allocation expertise for the offshore portfolio.

Below we provide brief summaries of each company in G2D's portfolio:

#### **Blu**

Blu is a sub-acquirer aiming to reduce friction and costs between retailers and suppliers. It focuses on specific niches, such as the mattress, furniture, footwear and eyewear markets. It provides payment services and prepayment solutions, just like a traditional sub-acquirer. But its differential is a solution that lets retailers pay suppliers with their receivables flows, eliminating the need to anticipate receivables at costly rates. Suppliers agree to receive their payments in 10 installments in exchange for lower delinquency rates.

The latest TPV data we have is a monthly volume of ~R\$250mn in June 2020. But given that TPV grew 43% y/y in 2020, we expect this level to be significantly higher now. The main thing that spurred TPV growth in 2020, despite the pandemic, was a sharp increase in the client base after Blu accelerated investments in customer acquisition.

#### **CERC**

CERC is a company that provides infrastructure for the credit market, offering receivables validation, registry and clearing house services. Its first product is the new credit card receivables model, which was in a transitory phase and is now fully operational as of June 7.

We remind that when the 'banking lock' model was created, everyone was included (incumbent banks and acquirers), ensuring that receivables were used as collateral only once. But when the Brazilian Central Bank (BCB) allowed in new entrants that weren't part of the banking lock model, the guarantee was no longer valid for all merchant receivables. To resolve this, BCB created a centralized registry of credit card receivables to be self-regulated by registry facilities like CERC ("independent"), CIP (controlled by large banks) and TAG (controlled by Stone).

The transition phase began on January 27, 2020 and, after some delays, the implementation deadline was set for June 7. As of May 2020, CERC already had 35 banks/fintechs and 80 acquirers/sub-acquirers onboard.

Another receivables market that CERC is working to address is credit bills, which have a credibility issue, as there are risks associated with fraudulent bills. To address this, BCB is trying to establish that no credit bill can be issued without an invoice, while registries must check if the credit bill is charging the right party, and all credit bills will need to be digitally registered.

In both these markets, CERC and a few other registry facilities provide all the required infrastructure, offering receivables pricing, formalization of the operations and financial flow control. In exchange, these companies receive a fee for their services.

### **Quero Educação**

Quero Educação is a Brazilian education platform that provide solutions to students and partner-institutions. It was founded in 2007 by a team of ITA engineering students, offering several solutions for both sides of the platform. It currently has over 600 employees and its main solutions are Quero Bolsa and Quero Pago:

- **Quero Bolsa:** Students choose the institution that suits them best, while institutions grant discounts and waive the first month's tuition. The students pay Quero Educação an enrollment fee.
- **Quero Pago:** Students pay tuition to Quero Educação, helping on the collection process.

Quero Bolsa has over 750k enrolled students and, combined with another solution called Melhor Escola, there are over 10k partner institutions.

### **Craftory**

Craftory is a boutique investment house with ~US\$375mn to invest in mission-driven CPG (Consumer Package Goods) brands. The group uses AI to find investment targets that have righteous causes.

Craftory's invested portfolio is roughly ~US\$270mn, mainly with exposure to Europe and the US. One of their main assets is NotCo (~12% of the portfolio), a food-tech company focused on plant-based alternatives that is aiming for unicorn status (US\$1bn valuation) in its next funding round later this year. During its last funding round in September 2020, it was valued at US\$300mn, according to blog Tech Crunch.

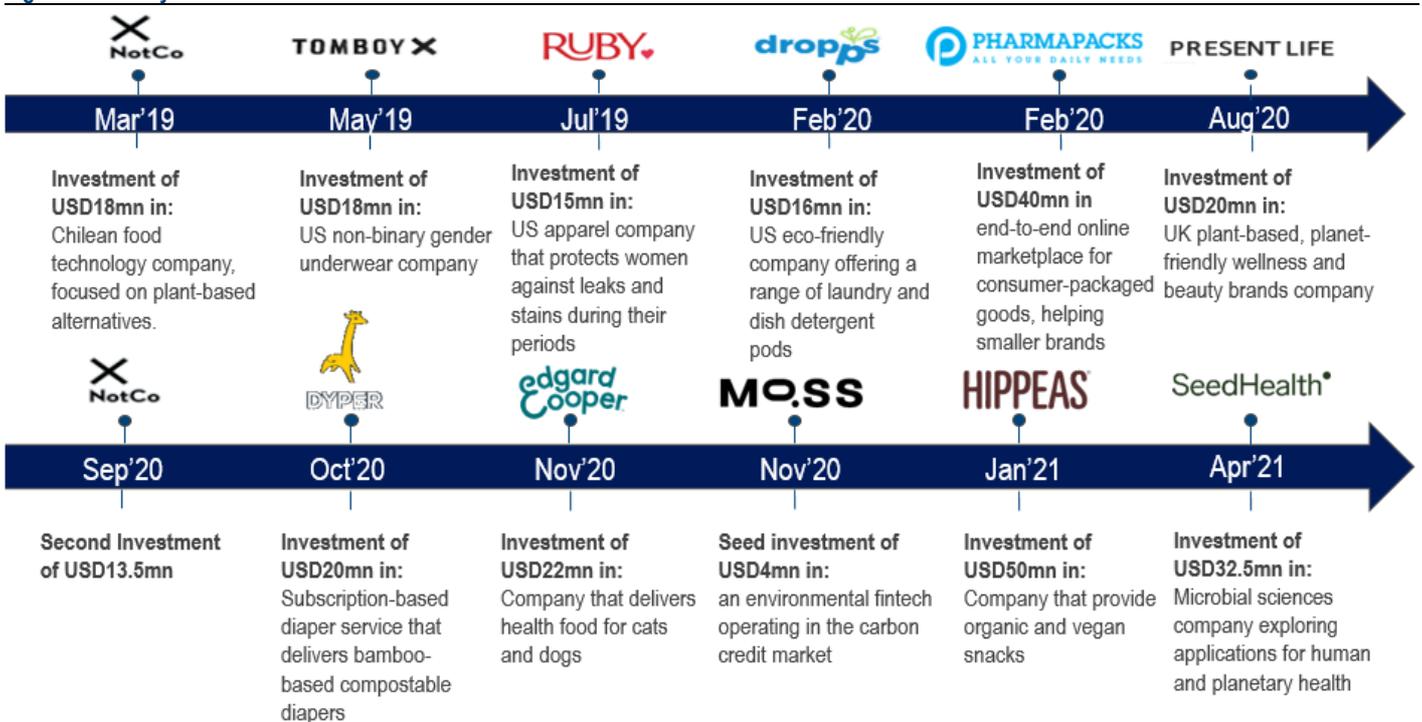
Table 4: Craftory's portfolio breakdown

	Investment (USDmn)	Portfolio's %
Hippeas	50	18.6%
Pharmapacks	40	14.9%
Seed Health	32.5	12.1%
NotCo	31.5	11.7%
Edgard Cooper	22	8.2%
Present life	20	7.4%
Dyper	20	7.4%
TomboyX	18	6.7%
Dropps	16	5.9%
Ruby	15	5.6%
Moss	4	1.5%
<b>Total</b>	<b>269</b>	<b>100.0%</b>

Source: BTG Pactual, Craftory

Below we describe and provide a timeline of its main investments.

Figure 2: Craftory's time line of investments



Source: BTG Pactual, Craftory

### Expanding Capital

Expanding Capital is a fast-growing venture capital firm in Silicon Valley focused on series C+ funding rounds. The group gains access to large transactions by investing alongside other VCs (like SoftBank, GS, Accel, etc.), and its main sectors are financial services, healthcare and IT.

Expanding Capital used to have exposure to US crypto exchange Coinbase, which was divested at 33x MOIC right after its IPO (last April). This generated an NAV gain of R\$27mn, ~50% upside from its former position marked in December 2020.

**Table 5: Expanding capital portfolio**

Investments	Valuation (USDmn)	Investment Date
<b>Clover Health</b>	4,590	May-17
<b>Farmers Business Network</b>	1,750	Mar-19
<b>Fair</b>	1,200	Aug-18
<b>Turo</b>	1,200	-
<b>ClassPass</b>	1,000	Aug-17
<b>Tala</b>	750	Mar-19
<b>Tunein</b>	500	-
<b>Duetto</b>	450	May-18
<b>OpenGov</b>	400	-
<b>mParticle</b>	350	Sep-17
<b>Nav</b>	300	May-18
<b>Slice</b>	250	Feb-19
<b>EasyPost</b>	174	Jul-18
<b>Zendrive</b>	150	Dec-18
<b>Imagen</b>	116	Sep-18
<b>Vector</b>	-	-

Source: BTG Pactual, Pitchbook, Crunchbase, PrivCo

### **Sim;Paul**

Sim;Paul is an investment platform (broker) focused on providing a simple and transparent experience to clients and a unique offering to IFAs. The group targets small to medium-sized IFAs and says that it is the IFAs who “own” the clients, with the company only providing the tools to help them operate. It also focuses on providing as much transparency as possible to IFAs regarding what it earns from their clients, giving the IFAs the option to be compensated in Sim;Paul shares (instead of only commissions), which leads to greater alignment of interests between the broker and its partners.

Sim’Paul intends to attract as many IFAs as possible by offering them a superb value proposition, generating higher AuC growth and, therefore, more brokerage fees for the group. Founded in March 2019 and becoming operational in December 2020, the company is one of the least mature investments in the portfolio.

### **Mercado Bitcoin**

Mercado Bitcoin is a digital asset platform primarily focused on cryptocurrencies. The company was founded in 2013 and currently has over 2.7mn users and R\$40bn in trading volume (from its founding until April 2021, even though most of it came this year). The controller, 2TM Participações, also owns Bitrust, a digital asset custodian, and MeuBank, a digital asset wallet. Using their MeuBank account, users can top up their balances and purchase digital assets like cryptocurrencies. But the platform also

offers digital assets tied to real assets like gold, which is the case for its PAX Gold token.

We flag that Mercado Bitcoin is a crypto asset exchange valued at “only” R\$390mn that plans to IPO soon. Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation. Given that, we believe that with the IPO under its belt, it seems feasible that the valuation could expand close to 10x, reaching ~R\$4bn.

## Valuation

With G2D's stock trading at 0.9x P/NAV, we see an attractive valuation, leading us to initiate coverage with a BUY and a 12-months TP of R\$8.2 for the BDR, representing 39% upside on its latest market cap.

**Table 6: Valuation based on NAV exercise**

	Blu	Craftory	Expanding Capital	Quero Educação	CERC	Sim;Paul	Mercado Bitcoin	Net cash	Total
12M Return	0.0%	22.0%	0.0%	0.0%	0%	0.0%	925%	0.0%	
Valuation	671	1,611	n.a	909	468	202	390	n.a	
12M Valuation	671	1,966	n.a	909	468	202	4,000	n.a	
NAV	163	264	60	29	16	10	14	101	657
12M NAV	163	322	60	29	16	10	140	101	841
P/ (12M NAV)									1.0x
P/ (NAV)									1.3x
12M Equity value									841
# of shares									102
12M TP									<b>8.2</b>

Source: BTG Pactual

Our TP stems from a NAV exercise, in which we forecast potential impacts on each of G2D's current investments over the next 12 months. Below, we explain the rationale behind each one:

### Craftory

- Regarding the investment in Craftory, we chose to consider a 20% discount on the YE21 target value of US\$1bn for NotCo, which was valued at US\$300mn in its last funding round (according to TechCrunch), weighted according to the 12% stake the asset has in Craftory's total portfolio. In the end, we reach a 12-month return of 22%

### Expanding Capital

- Given that the gains with Coinbase is already reflected on our NAV figure, we decided to assume a stable position for Expanding Capital.

### Blu, Quero Educação, CERC, Sim;Paul

- Without any indication of their future valuations, we chose to assume stable NAVs.

### Mercado Bitcoin

- Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation.
- Given that, we believe that with the IPO under its belt, it seems feasible that the valuation could expand close to 10x, reaching ~R\$4bn.

### Net Cash

- We assumed a stable net cash position.

## Who are the main international peers?

We flag that some investment companies with similar characteristics as G2D trade at premiums to their NAVs, reinforcing our positive view.

**Table 7: Main peers P/NAV**

	Listing	Geographic Exposure	Functional Currency	Most Recent NAV (USDmn)	Market Cap (USDmn)	P/NAV
<b>G2D</b>	Bermuda/Brazil	USA, UK, European Union and Brazil	USD	126	142	1.1x
Draper Esprit	UK	UK and European Union	GBP	1,460	1,843	1.3x
Merian Global Investors	UK	UK	GBP	1,586	1,673	1.1x
Hg Capital Trust	UK	USA and UK	GBP	1,291	2,039	1.6x
VNV Global	Sweeden	USA and European Union	SEK	1,242	1,139	0.9x
Baillie Gifford	UK	USA	USD	706	1,364	1.9x
Augmentum	UK	UK and European Union	GBP	258	194	0.8x
TMT Investments	UK	USA and European Union	USD	178	274	1.5x
<b>Peers Average</b>				<b>856</b>	<b>1,084</b>	<b>1.3x</b>

Source: BTG Pactual, company reports

### Draper Esprit

- Draper has a tech-enabled portfolio. The company invests in 4 sectors: Consumer Tech (26% of NAV), Enterprise Tech (37% of NAV), Hardware & DeepTech (31% of NAV) and Digital Health & Wellness (6% of NAV).

### Merian

- Part of the company's investment strategy is based on acquiring stakes in companies that can benefit from technology to generate consistent growth.

### HGT

- HGT specializes in buyouts of software and service companies that offer a combination of growth and defensiveness. Initially, its investment spectrum was broader, including technology and direct investments in sectors such as healthcare, media, consumer and leisure, industrials, and others. However, it has since narrowed its focus to tech and tech-enabled investments.

### VNV Global

- VNV's core portfolio focuses on tech-enabled companies in sectors that have a clear technology growth trend, such as mobility, health tech and e-commerce/marketplaces. Its portfolio is highly concentrated in 4 companies (68% of NAV) and the remainder is well diversified among 30+ other early-stage tech players (each representing less than 1% of NAV).

### Baillie Gifford

- The company aims to invest in exceptional high-growth companies at a pre-IPO stage. Most of the companies in its portfolio have strong technological components to their business models.

### Augmentum

- Augmentum's portfolio is completely focused on tech, specifically the fintech segment.

## TMT

- TMT's portfolio is focused on tech, with big data and cloud solutions (30%), SaaS tools (18%), e-commerce (6%) and marketplaces (39%).

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BTG Pactual Rating	Definition	Coverage *1	IB Services *2
Buy	Expected total return 10% above the company's sector average.	63%	51%
Neutral	Expected total return between +10% and -10% the company's sector average.	36%	33%
Sell	Expected total return 10% below the company's sector average.	1%	0%

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

### Absolute return requirements

Besides the abovementioned relative return requirements, the listed absolute return requirements must be followed:

- a Buy rated stock must have an expected total return above 15%
- a Neutral rated stock can not have an expected total return below -5%
- a stock with expected total return above 50% must be rated Buy

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## Valuation Methodology

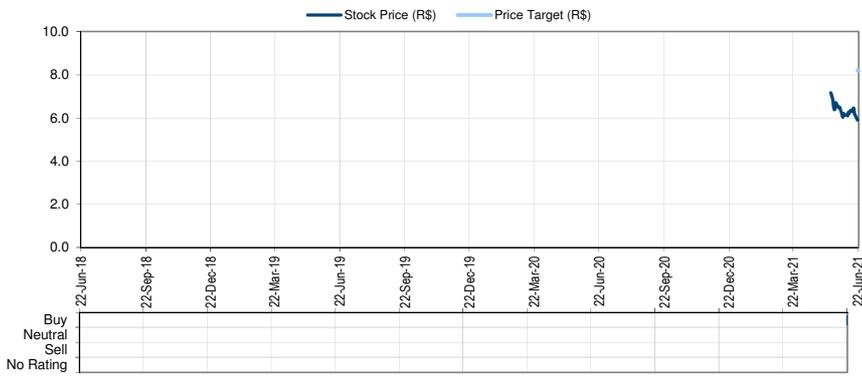
G2D Investments Ltd [BRG2D] - We derive our TP from a NAV exercise, where we forecast some impacts for each one of the current investments during the next 12 months. We then reaches a 12M forward NAV and assume a 1.0x P/NAV (12M Frwd) to reach the fair equity value. With that considered, we reach an equity value of R\$841mn and a TP of R\$8.2

## Company Disclosures

Company Name	Reuters	12-mo rating	Price	Price date
G2D Investments <sup>1, 2, 4, 6, 8, 18, 20</sup>	N.A.	Buy	R\$5.90	21-6-2021

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### G2D Investments



Source: BTG Pactual and Economática. Prices as of 21 June 2021

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