

G2D (G2DI33 BZ) | LatAm TMT

Otavio Tanganelli, CFA

Vehicle to Play the Flourishing Technology VC
Sector

Initiate Coverage at Outperform

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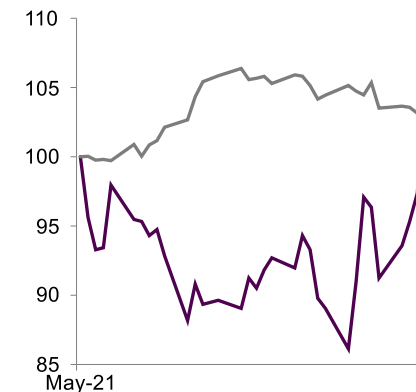
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Innovative Vehicle to Play the Flourishing Tech Sector

- We are initiating coverage of G2D Investments with a R\$10.00/share 2022YE TP and Outperform rating, implying a 39% upside from current levels. G2D is a liquid way to gain exposure to the attractive technology sector, combining the best of venture capital investments (high returns) and the liquidity of the public equity markets. We see the fund well positioned to capture the opportunities ahead in the tech sector, and its current valuation provides a good entry point.
- The fund has an adjusted NAV of R\$696mn, comprising both international and local disruptive technology investments. G2D seeks to capture the best risk-reward profile of the cycle, in which companies are already growing at a very good clip but are still in the early stages of ramping up, leaving room for sizable gains down the road once those investments start to mature. While we do not have a large amount of data on its investments, the sales growth rates of its investments that the company has provided indicate a fairly optimistic outlook.
- The last investment round by Softbank in Mercado Bitcoin imply that G2D's NAV should increase by ~R\$300mn, leading to a total R\$1.03bn NAV in the coming quarters. As such, G2D is trading at a large discount to its NAV considering the markup of the Mercado Bitcoin investment, which at this point seems excessive.
- In addition, we do not rule out the possibility of the fund trading at a premium to NAV based on: (i) management's solid track record (delivering average ~24% NAV growth in 2018-2020); (ii) restrictions on investing directly in the fund's assets (liquidity/availability premium); and (iii) global peers with a similar profile are trading at an average 16% premium to NAV.



— G2DI33 — IBOV
Ticker: G2DI33 BZ
Rating: Outperform
Target: R\$10.00
Upside: 39%

Vehicle to play the flourishing technology sector. G2D is an investment fund that invests in high-growth, innovative technology companies worldwide, founded by former GP Investments partners. The fund is a liquid way to gain exposure to the attractive technology sector, drawing on the expertise of specialized partners – including GP Investments, The Craftory and Expanding Capital. The vehicle combines the best of venture capital investments (high growth and high returns) and the liquidity of the public equity markets. In addition, we have seen strong demand for more sophisticated investments in an environment of low fixed-income returns, and thus G2D is well positioned to capture the coming tailwinds by providing a good alternative for investors.

Seasoned and committed management team aboard. G2D is controlled by GP Investments and its fully-owned subsidiary GP Advisors – which together hold 70% of G2D and the free float the remaining 30%, with the R\$281mn raised in the IPO in May 2021. The company invests primarily in superior technology companies with innovative business models, and is positioned to take advantage of large opportunities in the market – both in Brazil and abroad. In our view, having a strong and committed team with a solid track record in investments is one of the key pillars of G2D's investment thesis, and we see the fund as well positioned to capture these opportunities ahead.

Snapshot of current NAV. The fund's adjusted NAV totaled R\$696mn at the end of 1Q20, with 38% of its investment in The Craftory (a disruptive retail brand focused on social and environmental themes through its capital), 29% in Brazilian fintechs, 9% in "Expanding Capital" (a VC fund that invests in Silicon Valley technology firms), 4% in Edtech companies and 20% in cash (IPO proceeds). The fund's annual return for the past three years stood at ~24%, indicating management's ability to capture good opportunities in the sector. In addition, Softbank announced a US\$200mn investment in Mercado Bitcoin, implying a valuation of US\$2.1bn, which should reflect in a ~R\$300mn upward adjustment to G2D's NAV, leading to a total of R\$1.03bn.

Current prices underprice the upcoming NAV adjustments. We are initiating coverage of G2D at Outperform, with a R\$10.00/share TP, implying a 39% upside from current levels. G2D is now trading at a very large discount to its NAV considering the adjustment to the Mercado Bitcoin investment. In addition, we do not rule out the possibility of the fund trading at a premium to NAV, in light of: (i) restrictions on directly investing in the fund's assets; (ii) management's ability to generate good returns; and (iii) average 16% premium of similar funds (that invest in VC-stage tech companies). At our TP we are considering that the fund will trade in line with its NAV.

Main risks to monitor. The main risks that we see are: (i) high uncertainty related to VC investments; (ii) BRL appreciation, driving downward adjustments to NAV (for every 10% BRL depreciation the impact is a ~R\$48mn negative adjustment to NAV); and (iii) limited information on the fund's investments, potentially posing risks to forecasts down the road. On the positive side, we believe the other investments could have more positive adjustments than expected.

Executive Summary

Leveraging on a strong and seasoned management team. G2D is controlled by GP Investments and its fully-owned subsidiary GP Advisors – together holding 70% of G2D, while the free float accounts for the remaining 30%, with the R\$281mn raised via the IPO in May 2021. G2D does not have its own employees and is managed by the board of directors directly, in which they pay a 1.5% management fee to general partners, and the fund has no other expenses. The company invests primarily in superior technology companies, with innovative business models and large opportunities in the market – both in Brazil and abroad. In our view, having a strong and committed team with a solid track record in investments is one of the key pillars of G2D’s investment thesis, and we view the fund as well positioned to capture the opportunities ahead. The fund’s annual return stood at ~24% in the past three years, indicating the management’s ability to capture good opportunities in the sector.

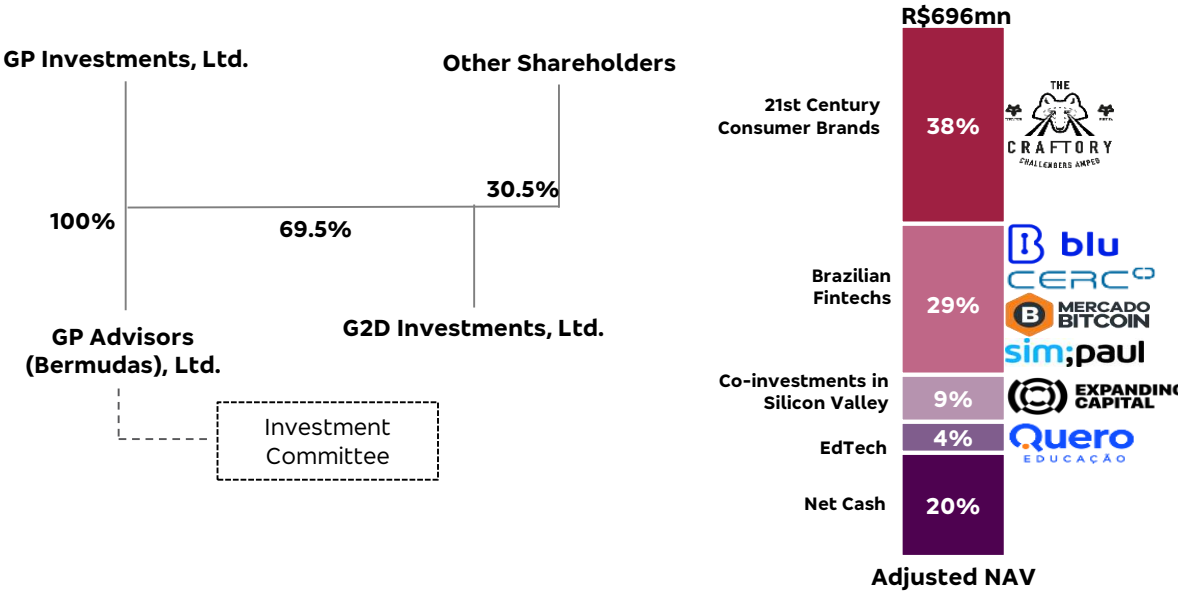
G2D Board of Directors:

Fersen Lambranh Chairman	Antonio Bonchristiano Board Member	Rodrigo Boscolo Board Member	Davis Smith Board Member
Garth Lorimer Turner Board Member	Christopher Tribley Board Member	German Quiroga Board Member	

Fersen Lambranh is the Chairman of the Board of G2D Investments. Mr. Lambranh is also the Chairman of GP Investments Ltd and a member of the Investment Committee of GP Advisors (Bermuda) Ltd. He has more than 20 years of experience as a manager and board member in various financial, mining, real estate, and retail industries. **Antonio Bonchristiano** joined GP Investments Ltd. in 1993, and currently holds the position of Chief Executive Officer and member of the board of directors. Currently, he serves as a member of the boards of directors at AMBEV, San Antonio International, GP Advisors, Spice Private Equity, and GP Investments Acquisition Corp. **Rodrigo Boscolo** is a member of the Board of G2D Investments. Mr. Boscolo also works as an executive director and chief financial officer at GP Investments. He is responsible for managing the company’s investor relations and corporate development functions.

Combining the best of VC returns and equity market liquidity. G2D is an investment fund that invests in high-growth innovative technology companies worldwide, and was founded by former GP Investments partners. The fund is a liquid way to gain exposure to the attractive technology sector, drawing on the expertise from several specialized partners – from GP Investments, The Craftory, and Expanding Capital. The vehicle combines the best of venture capital investments (high growth and high returns) and equity markets’ liquidity for investors.

Snapshot of current NAV. The fund’s adjusted NAV stood at R\$696mn at the end of 1Q20, with 38% of its investment in The Craftory (retail innovative brands focused on social and environmental themes through its capital), 29% in Brazilian fintechs, 9% in “Expanding Capital” (a VC fund that invests in Silicon Valley technology firms), 4% in Edtech companies, and 20% cash (IPO proceeds). NAV is valued by the BOD, in which they estimate the fair value based on multiples, DCF, recent transactions, comparable companies, and available prices for assets that have those.



Valuation and Risks

Initiating coverage of G2D at Outperform and R\$10.0/share TP

We are initiating coverage of G2D at Outperform with a R\$10.0/share TP YE2022, implying 39% upside from current levels. G2D is now trading at a very large discount to its NAV considering the latest valuation of Mercado Bitcoin, which should lead to upward adjustments in NAV, which we estimate to be in the vicinity of R\$300mn leading to a adjusted NAV of R\$1.03bn.

In addition, we do not rule out the possibility of the fund trading at a premium to NAV, in light of (i) the restriction on investing in the fund's assets directly (ii) management's ability to generate good returns, and (iii) average 16% premium that similar funds (that invest in VC stage tech companies). At our TP we are considering that the fund should trade in line with its NAV.

The main risks that we see are: (i) high uncertainty related to VC investments; (ii) BRL appreciation, driving downward adjustments to NAV (for every 10% depreciation in BRL the impact is ~R\$48mn negative adjustment in NAV); and (iii) limited information about its investments, potentially posing risks to forecasts down the road. On the positive side, we believe the other investments could have more positive adjustments than expected.

While there are limited disclosures related to the companies that G2D's invests, we believe there are both upside and downside risks.

Upside Risks

Management has already shown a good track record (in both GP Investments and G2D itself), with the latter having appreciated ~24% per year in the past three years, for instance. In light of the solid commitment and track record, we acknowledge that the fund could trade at a premium to its NAV. As such, there could be even further positive adjustments to NAV.

Having said that, in our optimistic scenario, if we assume the same 16% premium to NAV (similar to international peers), the YE2022 NAV would be R\$11.6/share, which implies 61% upside from current levels.

Downside Risks

In light of the limited disclosures to properly assess the NAV's performance, we believe the main risks are related to capital gains on the appreciation of its investments going forward.

While the company has not made any downward adjustments (in aggregate) to its NAV, some of the forecasts to evaluate the NAV could entail a degree of uncertainty (discounted cash flows, relative multiples), and thus there could potentially be downward adjustments to NAV.

In our conservative scenario, if we assume a 15% decline in current NAV and a 11% discount of the shares to the NAV (similar to its global peers that trade at the largest discounts), we would arrive at R\$5.20/share, implying 28% downside from current levels.

Section I

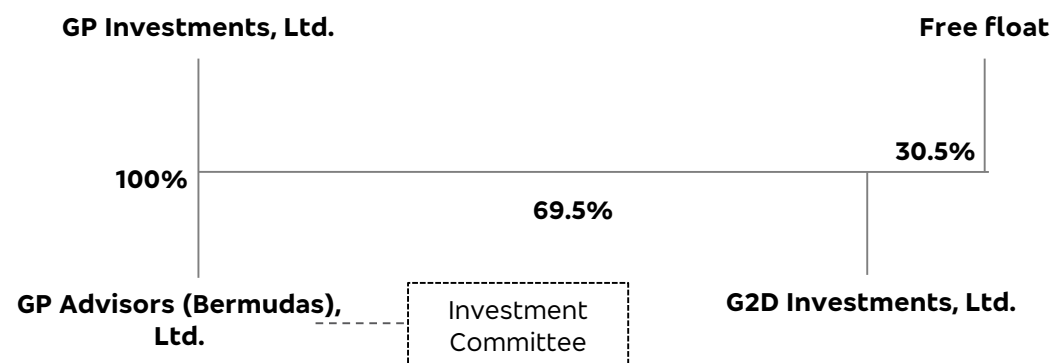
G2D at a Glance



Corporate Structure & Fee Structure Details

G2D is an investment vehicle (fund) that invests in high-growth, innovative technology companies worldwide. G2D is controlled by GP Investments and its fully-owned subsidiary GP Advisors – together holding ~70% of G2D, while the free float accounts for the remaining ~30%, with the R\$281mn raised in the IPO in May 2021.

G2D does not have its own employees, being managed by the board of directors directly, in which they pay a 1.5% management fee to general partners, and the fund has no other expenses. The performance fee is charged as 10% of the excess returns over a hurdle rate of 5% in USD. The fee is paid to GP, as investment decisions are made directly through the investment committee.



Management fee: 1.5% p.a. of the total NAV

Excess return: Increase in NAV in excess of 5% in USD (measured each year), compounded annually

Performance fee: 10% of the excess return

Incorporated in Bermuda, and therefore tax exempt at holding company level

G2D seeks optimal tax structures to carry out its investments

(e.g. via FIPs in the case of Brazilian investments)

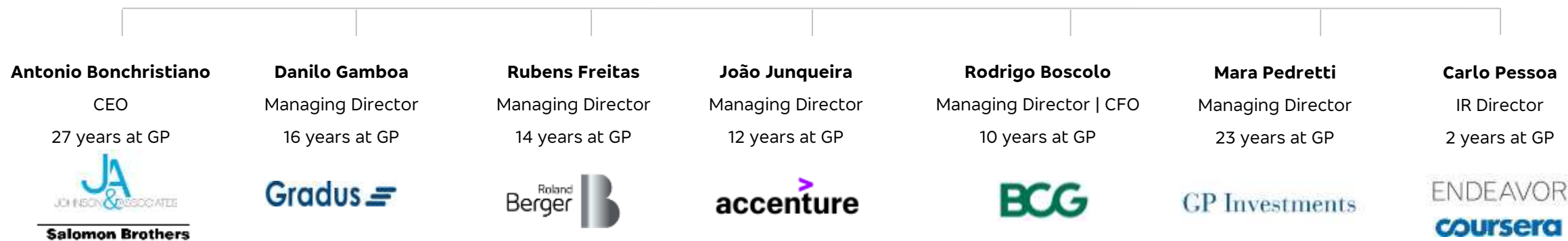
Shareholder	Class A Shares	%	Class B Shares	%	Total	%
GP Investments subsidiaries	7,103,212	18.1%	66,025,326	100.0%	73,128,538	69.5%
Free float	32,151,313	81.9%	-	-	32,151,313	30.5%
Total	39,254,525	100.0%	66,025,326	100.0%	105,279,851	100.0%

G2D Board of Directors and GP Investments Management Team

G2D Board of Directors:

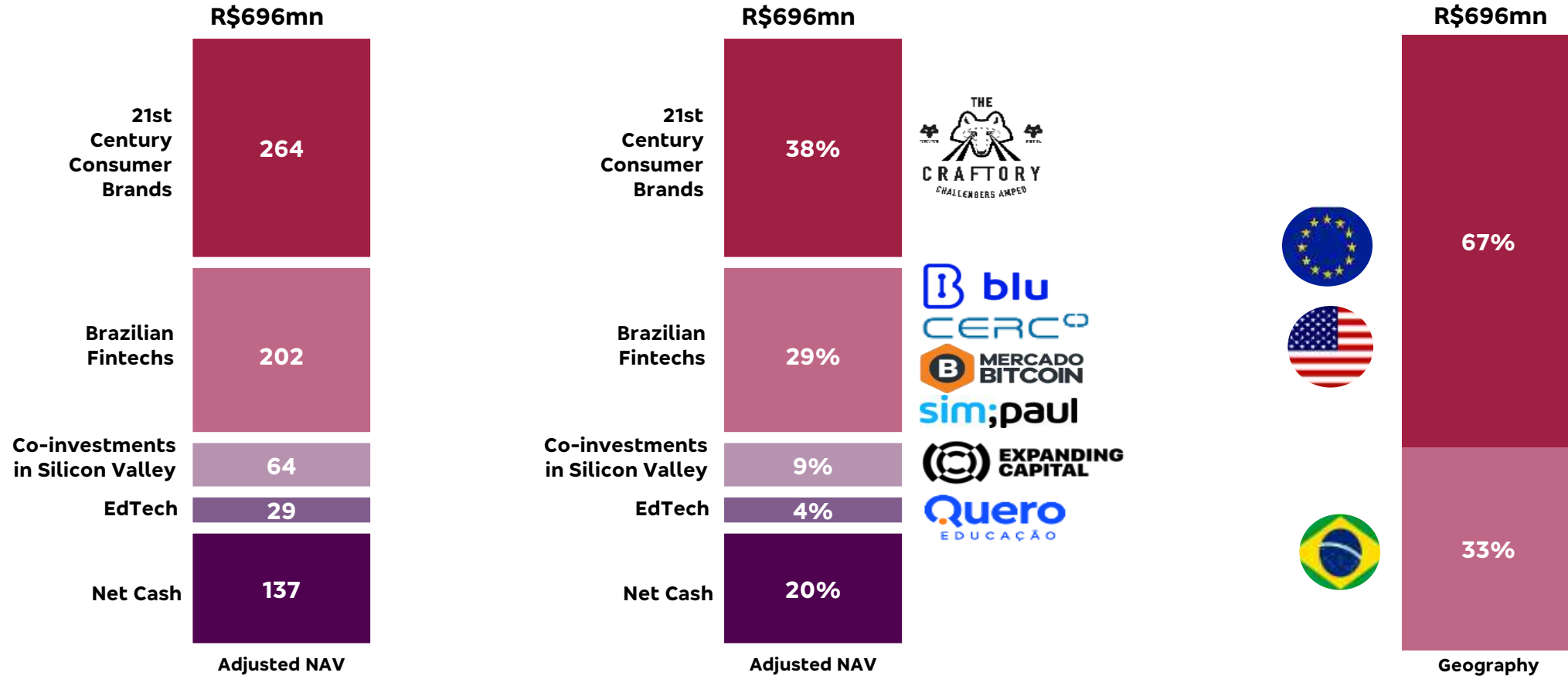


GP Investments Management Team:



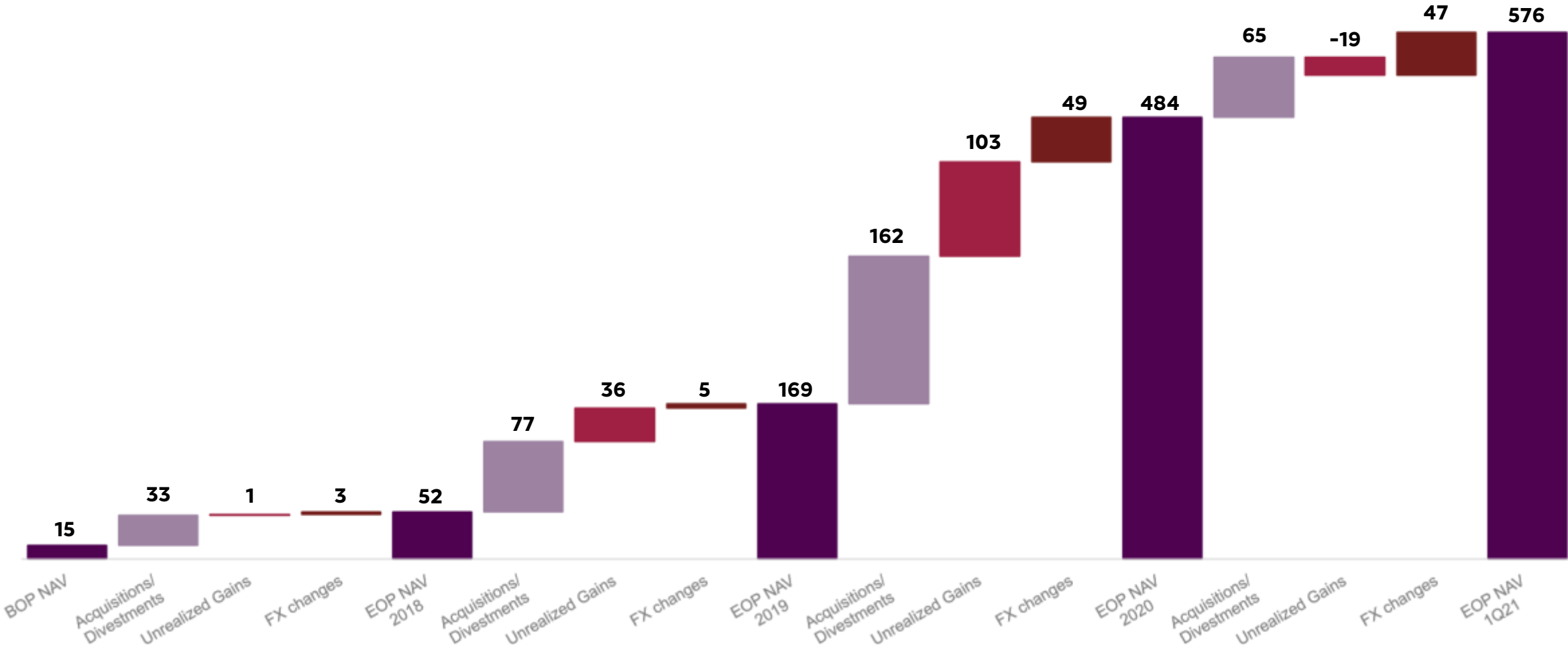
NAV Breakdown – Snapshot of G2D’s Investments

G2D’s NAV is primarily (38%) made up its investment in The Craftory (retail disruptive brands), Brazilian fintechs (29%), 9% in Expanding Capital, 4% in Edtech, and 20% net cash from the IPO. The adjusted NAV as of 1Q21 stood at R\$696mn. From a geographic standpoint, the fund is 67% (including cash) invested in foreign assets (US and Europe), and 33% in Brazil.










Historical NAV Performance Shows Strong Portfolio Gains

Since 2018, G2D has delivered strong returns, as shown in the chart below. The average 3-year return on the portfolio stood at ~24%, illustrating management’s ability to create value through the selection of quality assets.



Source: Company and Bradesco BBI

Portfolio Summary

	Country	Segment	Investment Date	Currently G2D's stake	Amount Invested (1) (R\$Mn)	Current Value + Outflows (2)	Weight on NAV
	United Kingdom	Consumer Packaged Goods 21st Century Consumer Brands	April 2018	16.4%	220.1	264.2	38.0%
	Brazil	Receivables Prepayment	August 2018	24.3%	68.7	163.0	23.4%
	EUA	Venture Capital Funds	August 2016	25.6% 50% (3)	56.5	90.8	9.2%
	Brazil	Educational Platform	September 2019	3.2%	28.5	29.1	4.2%
	Brazil	Infrastructure for the Financial Credit Market	August 2020	3.4%	15.0	15.0	2.2%
	Brazil	Cryptoassets Broker (4)	February 2021	3.2%	13.6	13.6	2.0%
	Brazil	Securities Broker	June 2020	5.0%	10.7	10.1	1.5%
					413.1	585.8	

Section II

Portfolio Summary



The Craftory

The Craftory is a consumer venture capital fund based in London and San Francisco with a > US\$400mn permanent capital pool. The holding company seeks to invest globally in innovative consumer goods companies and brands that have a great cause and positive social and/or environmental impact.



G2D participation:

In 2018, G2D committed R\$60mn in capital to invest in The Craftory. As of Dec. 31, 2020, the total investment amount was R\$170mn, out of a total R\$60mn commitment.

R\$264.2mn
Current Value

38%
of Adjusted NAV



- Based in Chile, NotCo is a **food technology** company that uses **AI** to find combinations of plant-based alternatives. NotCo is present in 5 countries.
- According to TechCrunch, NotCo was already valued at over US\$300mn in the last investment round, in Sept. 2020.
- NotCo intends to become a **unicorn** after its next funding round
- **+191% YoY growth (2019 vs. 2020)**



- Founded in 2017, Seed Health is a **microbial science** company, a pioneer in the application of microbes for human and planetary health, and markets innovative probiotic products.
- **+204% YoY growth (2019 vs. 2020)**



- Edgard & Cooper was the first European **pet food brand with 100% biodegradable packaging** across the full range of food and treats. The brand is active in 14 countries in Europe.
- **+72% YoY Growth (2019 vs. 2020)**



Brazilian Fintechs - Blu

Blu is a fintech that aims to reduce transaction costs between retailers and suppliers in segments with long-term payment cycles, such as furniture, mattresses, and clothing. The company does this by prepaying receivables, offering installment payments, and promoting credit for retailers.



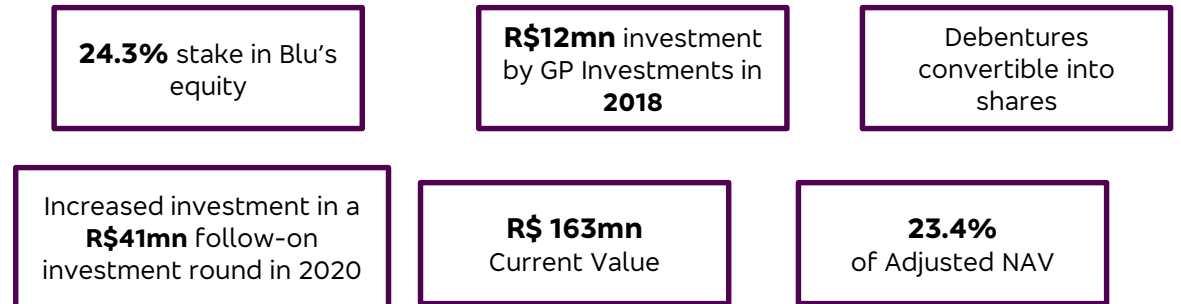
Main products

- Payment Solutions
- Customer Relationship Management for:
 - Selling products
 - Financial management
 - Creation of a financial solutions platform that connects retailers and builds a B2B market

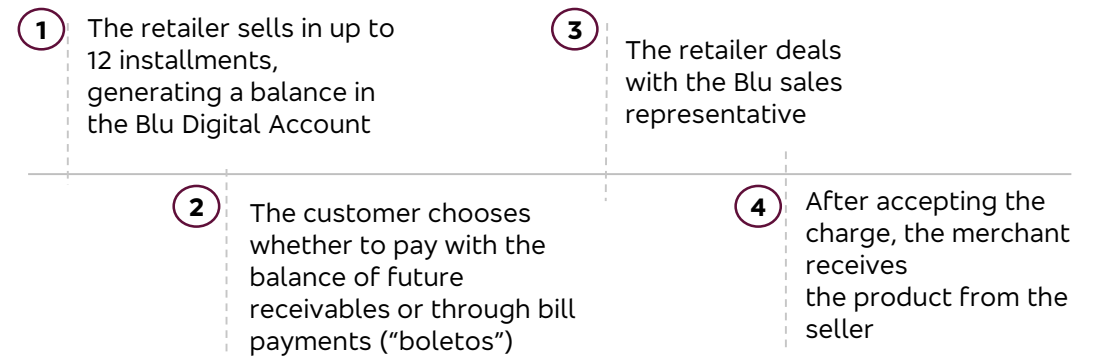
Total Payment Volume (R\$m)



G2D participation:



Supplier Payment Solutions Roadmap



Brazilian Fintechs – CERC and Sim;paul

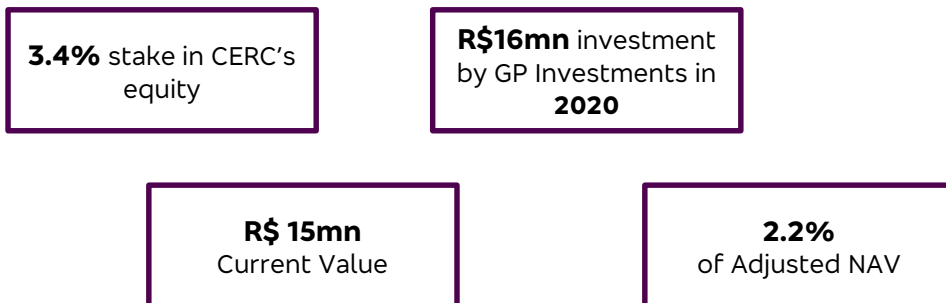


CERC is a fintech that provides infrastructure for the financial credit market, offering validation, registration, and receivables clearing services. CERC aims to increase security and efficiency in the use of receivables for credit operations, enabling the accelerated and sustainable growth of credit supply for companies of all sizes.

Business model with three solutions:

- **Validation of receivables:** checks the existence of the receivable and whether it is associated with a business or financial transaction
- **Formalization of transactions:** formal control through the registration of assets and transactions
- **Cash flow monitoring:** provides payment instructions for the debtor to pay the creditor directly

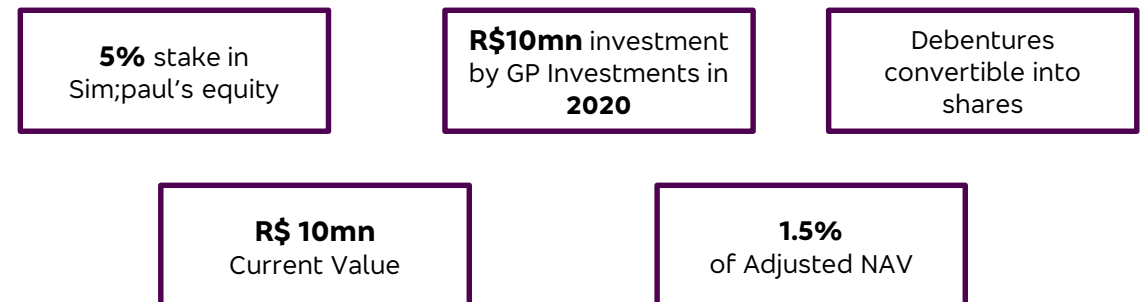
G2D participation:



Sim;paul is a Brazilian financial market brokerage platform founded in 2019. The fintech aims to transform the way the financial market relates with clients, and seeks to offer more personalized advisory through a partnership model with IFAs (Independent Financial Advisors).



G2D participation:

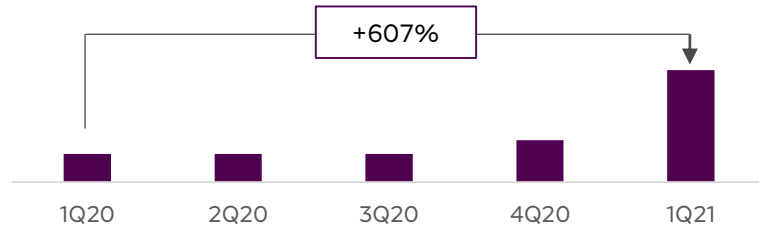


Brazilian Fintechs – Mercado Bitcoin

Mercado Bitcoin is the largest digital asset platform in Latin America, with 2.7mn users. In April 2021, nearly R\$14bn was traded on the platform. Through Mercado Bitcoin, users can buy and sell cryptocurrencies and other digital assets. The fintech company has also created Bitrust, a qualified custodian of cryptocurrencies and digital assets, and MeuBank, a digital asset portfolio. SoftBank announced a US\$200mn investment in July 2021 in a series B round. The investment values the company at \$2.1 bn USD, making it the eighth-most valuable unicorn in Latin America, implying that G2D's stake is now about ~R\$330mn.



Gross Revenue:



G2D participation:

- 3.2%** stake in 2TM Participações's equity - controlling company of Mercado Bitcoin
- R\$13.6mn** investment in 2021
- Debentures convertible into shares
- R\$330mn** Current Value
- 2.0%** of Adjusted NAV

Cryptocurrencies

- Bitcoin
BTC
- Ethereum
ETH
- XRP
XRP
- Bitcoin Cash
BCH

DeFi

- Aave
AAVE
- Synthetix
SNX

Utility Tokens

- Moss Carbon Credit
MCO2
- Chainlink
LINK
- WiBX
WBX

Digital Assets

- Consortium quotas
MBCONS01
- Precatório MB BR03
MBPRK03

Expanding Capital

Expanding Capital is a venture capital fund based in California. The company has privileged access to Silicon Valley, and invests primarily in the business and financial services, healthcare, and information technology sectors. GP Investments seeded Expanding Capital in 2016.



Consolidated portfolio that already includes several unicorns

Fintechs
 Nav TALA

Mobility
 * fair
 * Zendrive
 TURO

Healthcare
 * Clover

Others
 duetto
 easypost.
 IMAGEN

Consumer
 TUNE IN
 * classpass
 Slice

Government
 OPENGOV

AgTech
 * FARMERS BUSINESS NETWORK

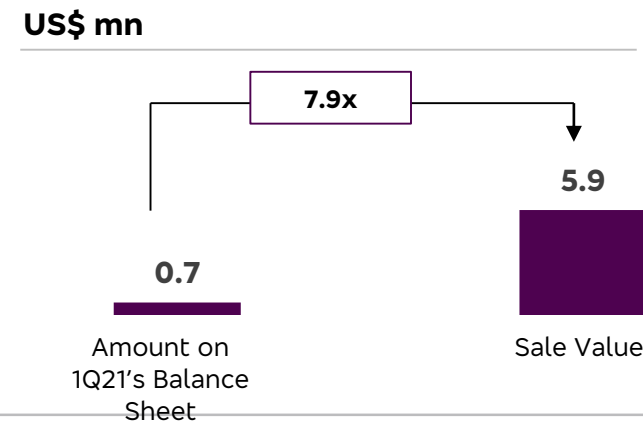
*Unicorns

G2D participation:

The investment in Capital Expansion was made through a 50% owned vehicle that has US\$20mn in capital committed to the company's first round, in addition to US\$30mn committed to the second round, **totaling US\$50mn in committed capital.**

R\$63.8mn Current Value	9.2% of Adjusted NAV	2016 Investment Date
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coinbase Exceptional Return on Most Recent Divestment



Total sale of position after Coinbase's IPO in April 2021. The sale was made at 7.9x the amount registered in G2D's 1Q21 statements

EdTech - Quero Educação

Quero Educação operates an educational marketplace that connects students to courses, schools and colleges in Brazil. The platform allows students to find information about courses, schools, and colleges where they wish to study, compare programs and university options, learn about tuition and scholarships, and apply for and enroll in educational programs.



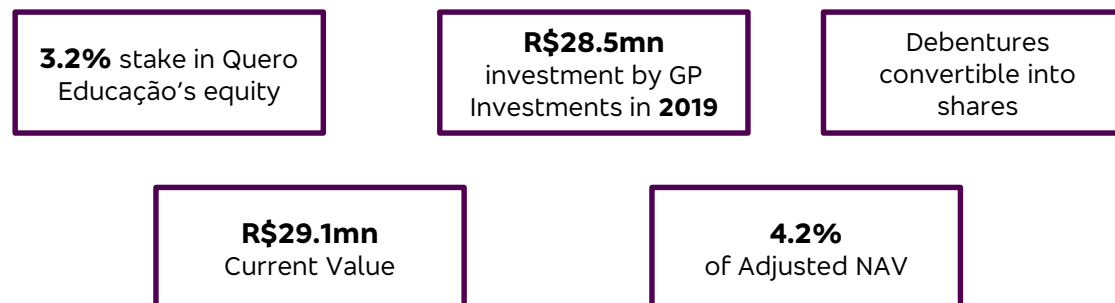
Business model with two main sources of revenue:

- **Quero Bolsa** - a recruiting solution that connects over 750,000 students to universities
- **Quero Pago** - offers financial services for the recruiting solution for more than 60,000 students

Key Metrics:

+600 Employees	+750,000 Students in Quero Bolsa
+10,000 Partner Institutions	+60,000 Students in Quero Pago

G2D participation:



Portfolio Categories:

- **Undergrad** - specialization courses after high school
- **Graduate** - diverse master's and doctoral degrees
- **Languages** - variety of language courses from language schools

Section III

Valuation

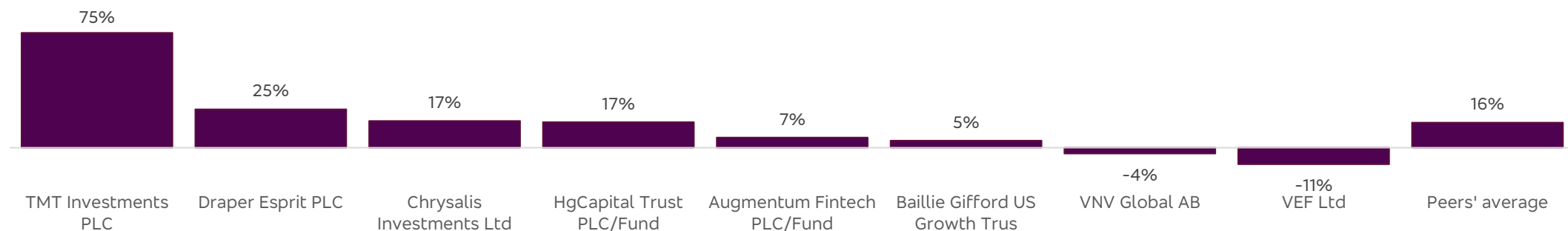


Valuation – Financial comps

Looking at global peers – those that are more comparable to G2D’s profile – the average group trades at a 16% premium to its NAV.

Company	Ticker	Last Price	NAV	Discount/Premium to NAV	Market Cap (USD bn)	Currency	Country
G2D Investments Ltd	G2DI33 BZ Equity	7.20	6.61	9%	154	BRL	BZ
TMT Investments PLC	TMT LN Equity	10.65	6.10	75%	311	USD	GB
Draper Esprit PLC	GROW LN Equity	928.00	743.00	25%	1,955	GBP	GB
Chrysalis Investments Ltd	CHRY LN Equity	242.00	206.15	17%	1,823	GBP	GS
HgCapital Trust PLC/Fund	HGT LN Equity	356.00	305.20	17%	2,151	GBP	GB
Augmentum Fintech PLC/Func	AUGM LN Equity	138.75	130.23	7%	268	GBP	GB
Baillie Gifford US Growth Trus	USA LN Equity	354.00	338.55	5%	1,495	GBP	GB
VNV Global AB	VNV SS Equity	97.60	101.59	-4%	1,215	SEK	SW
VEF Ltd	VEFLSDB SS Equity	3.78	4.24	-11%	368	SEK	SW
Peers' average				16%			

Comparable peers' premium/discount to NAV, in %



Analyst Certification

Each analyst responsible for the preparation and content of this report hereby certifies, pursuant to SEC Regulation AC and applicable laws and regulations of other jurisdictions, that:

(i) the views expressed herein accurately and exclusively reflect his or her personal views and opinions about the subject company(ies) and its or their securities;
(ii) no part of his or her compensation was, is, or will be paid directly or indirectly, related to the specific recommendation or views expressed by that analyst in this report; and pursuant to Brazilian securities exchange commission (Comissão de Valores Mobiliários – CVM) Resolution N° 20:

(i) the recommendations indicated in this report solely and exclusively reflect his or her personal opinions, and were prepared independently and autonomously, including in relation to Bradesco Corretora and its affiliates;
(ii) his or her compensation is based on the profitability of Bradesco Corretora and its affiliates, which includes investment banking revenues;

Company disclosures pursuant to Brazilian securities exchange commission (Comissão de Valores Mobiliários – CVM) Resolution N° 20:

(i) Banco Bradesco S.A. owns indirectly 5% or more, regarding its subsidiaries, of equity securities issued by Cielo S.A. and Fleury S.A., BRADESPAR S.A., whose controlling group is comprised of the Same shareholders which control Banco Bradesco S.A., owns 5% or more of equity securities issued by VALE S.A.

(ii) Ágora, Bradesco Corretora, Bradesco BBI and Bradesco Group companies have relevant financial and commercial interests in relation to the subject company(ies) or the subject security(ies)

(iii) Bradesco BBI is participating as Coordinator in the public offering distribution of (iii) Bradesco BBI is participating as Coordinator in the public offering distribution of Banco Inter S.A., CCR S.A., Ecorodovias Infraestrutura e Logística S.A. and Rumo S.A.

(iv) Bradesco BBI participated as Coordinator in the public offering of equity and/or debt securities or/ and provided any other type of service for the following companies within the past 12 months: Allied Tecnologia S.A., AMBIPAR Participações e Empreendimentos S.A., Ânima Holding S.A., B3 S.A. - Brasil, Bolsa, Balcão., Banco Inter S.A., Blau Farmaceutica S.A., CESP - Companhia Energética de São Paulo, Companhia Brasileira de Distribuição., CTEEP - Companhia de Transmissão de Energia Eletrica Paulista., Companhia de Saneamento do Paraná - Sanepar, Cruzeiro do Sul Educacional S.A., CSN Mineração S.A., Cyrela Commercial Properties S.A. Empreendimentos e Participações., Diagnosticos da América S.A., Dimed S.A., Distribuidora de Medicamentos, Eletromidia S.A., Energisa S.A., Eneva S.A., Enjoei.com.br Atividades de Internet S.A., Guararapes Confeccões S.A., Hospital Mater Dei S.A., Hypera S.A., HBR Realty Empreendimentos Imobiliários S.A., Iguatemi Empresa de Shoppings S.A., JHSF Participações S.A., LOG Commercial Properties e Participações S.A., Lojas Americanas S.A., Lojas Quero-Quero S.A., Méliuz S.A., Mobly S.A., Movida Participações S.A., Natura &CO Holding S.A., Notre Dame Intermédica Participações S.A., Oceanpact Serviços Marítimos S.A., Plano & Plano Desenvolvimento Imobiliário S.A., Positivo Tecnologia S.A., Rede D'or S.A., Rumo S.A., Suzano S.A., Vale S.A., Vamos Locação de Caminhões, Máquinas e Equipamentos S.A. and Via Varejo S.A.

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