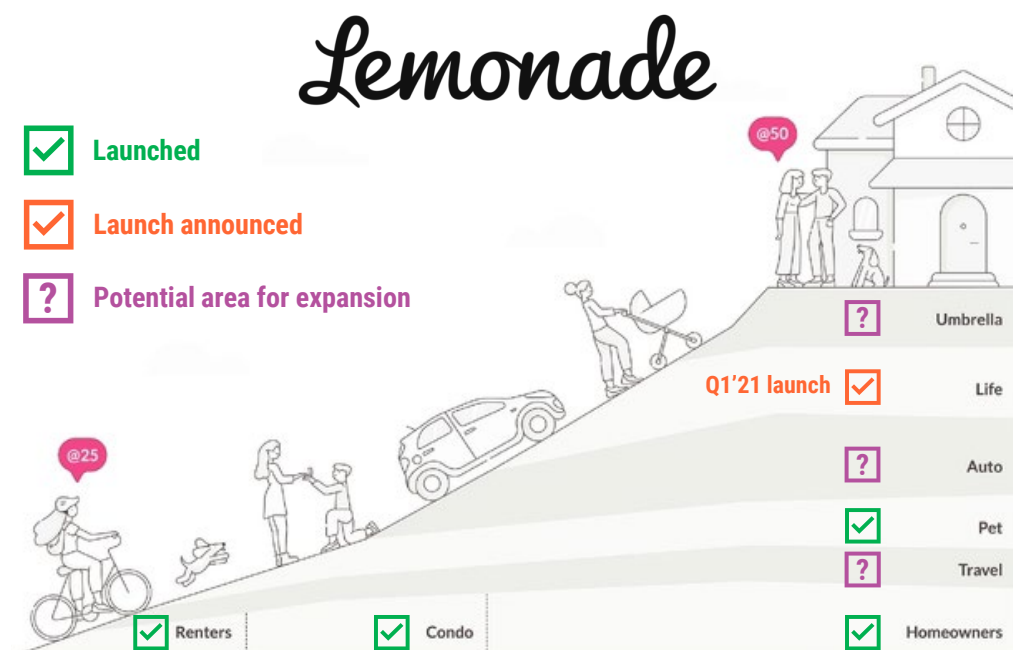


Insurtech companies make ambitious moves

Lemonade hit 1M customers and announced plans to offer life insurance in Q1'21. Are other products soon to follow?



Other leading insurtech companies made major acquisitions and expanded product offerings in Q4'20

BESTOW

Life insurance startup Bestow acquired Centurion Life Insurance Company to become a licensed insurer in 47 states in December.

NEXT INSURANCE

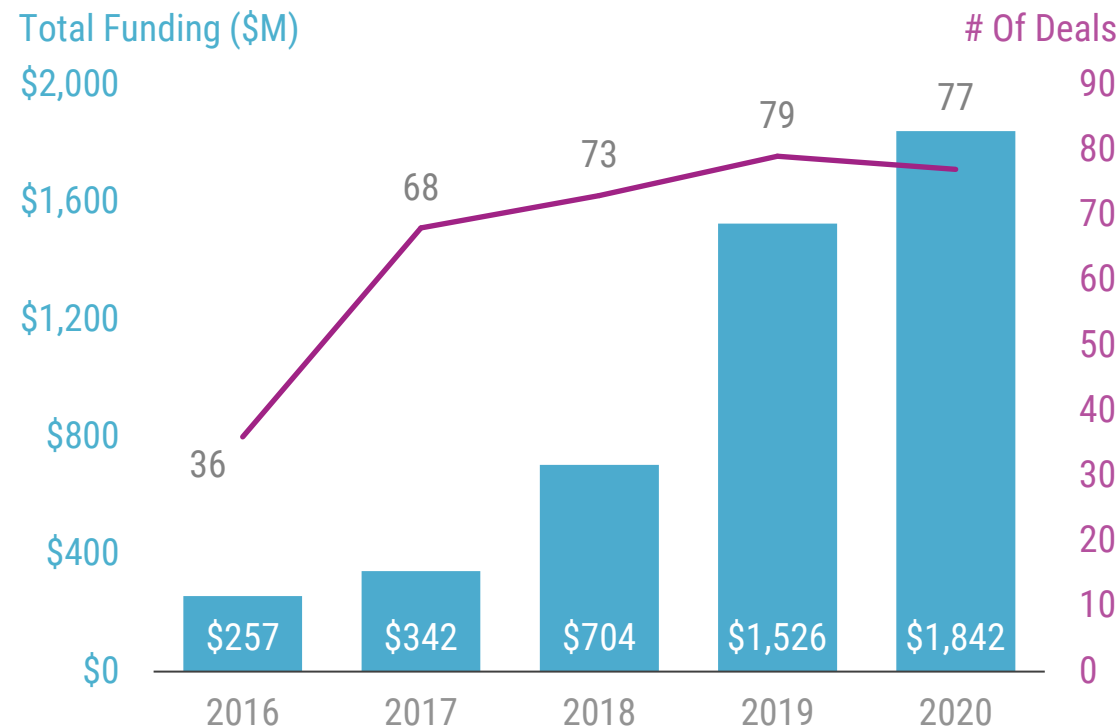
Commercial insurance startup Next Insurance acquired Juniper Labs, an insurance data platform startup in December. It also expanded its workers' comp product to 24 additional states.

HIPPO

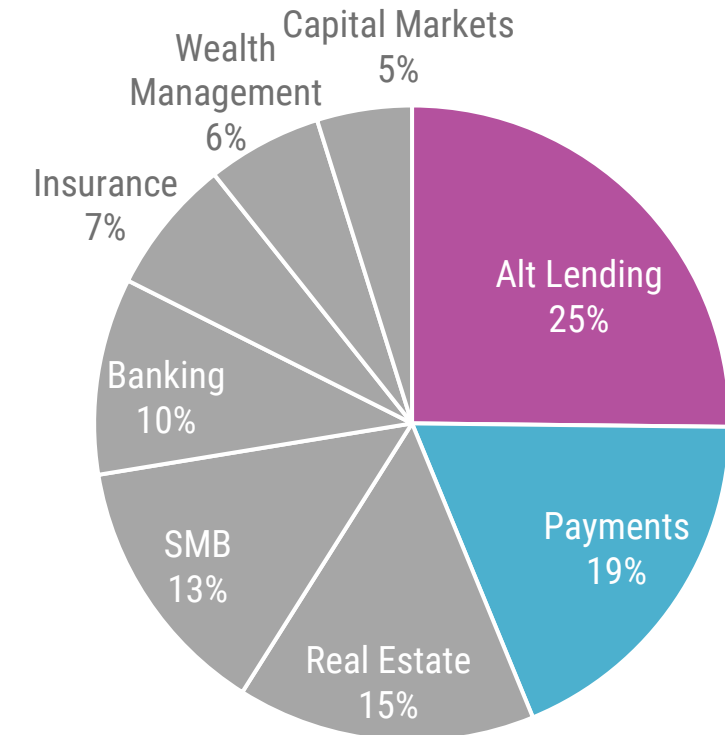
Homeowners insurance startup Hippo raised \$350M from MS&AD Insurance Group in November. The company, which is now live in 32 states, is potentially planning to go public in 2021.

Investments in South America-based fintech companies surged from 2016 – 2020

Funding to South America-based fintechs has grown at a 64% CAGR since 2016



44% of deals went to alt lending and payments companies over that same period



Selected consolidation activity in Q4'20

Payments leaders target emerging markets

VISA



Visa acquired YellowPepper, a real-time payment platform targeting Latin America, for an undisclosed amount.

October 28, 2020

stripe



Stripe acquired Paystack, a Nigeria-based payment processing platform, for \$200M.

October 15, 2020

Financial data providers add alt data

Bloomberg



Bloomberg acquired Second Measure, a transaction data provider, for an undisclosed amount.

December 24, 2020

FACTSET



FactSet to acquire Truvalue Labs, a sustainability and environmental, social, and governance (ESG) data provider, for an undisclosed amount.

October 20, 2020

Insurance incumbents buy digital distributors



Aviva merged its Singapore operations with Singapore Life, a direct-to-consumer life insurance provider, for \$2.4B.

November 30, 2020

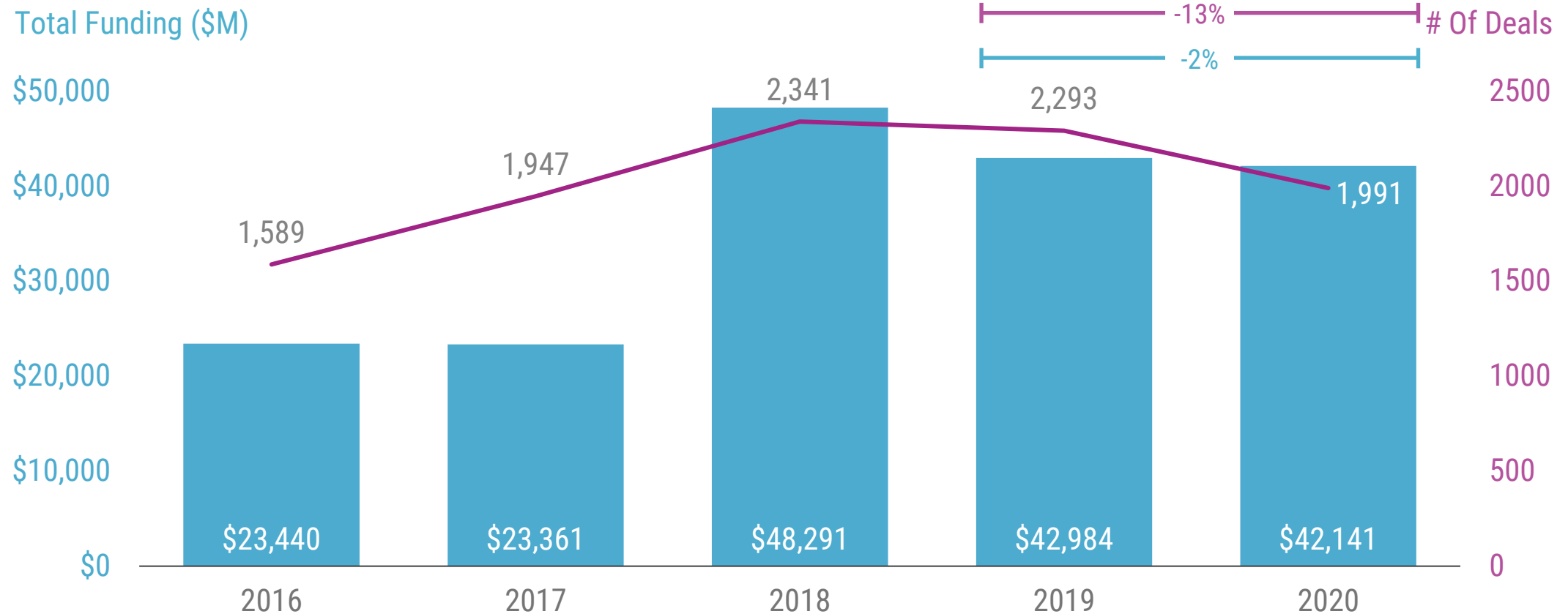


Brown & Brown acquired CoverHound, a digital insurance broker, for an undisclosed amount.

November 9, 2020

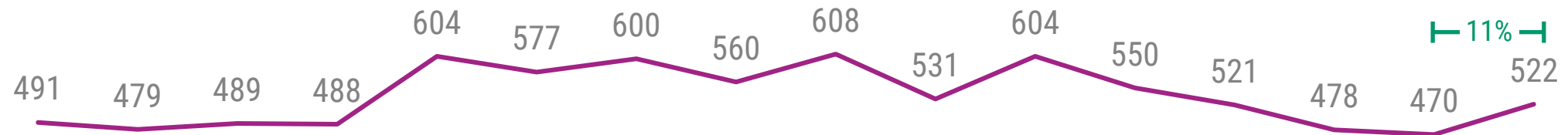
2020 deal activity fell 13% YoY, but total funding remained in line with 2019

Global VC-backed fintech financing trends, 2016 – 2020



Deal activity grew 11% in Q4'20, reversing a 4-quarter decline

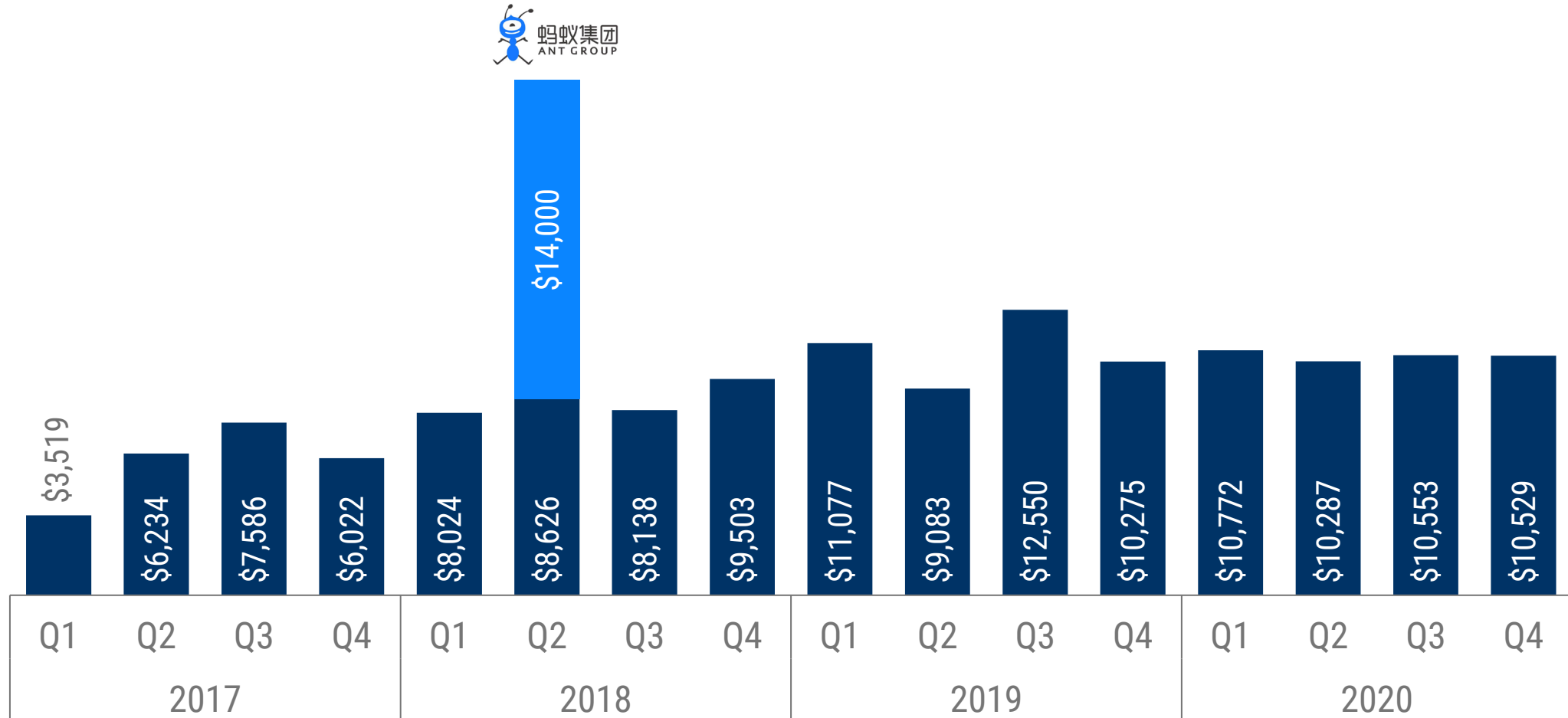
Quarterly global VC-backed fintech deals, Q1'17 – Q4'20



Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017				2018				2019				2020			

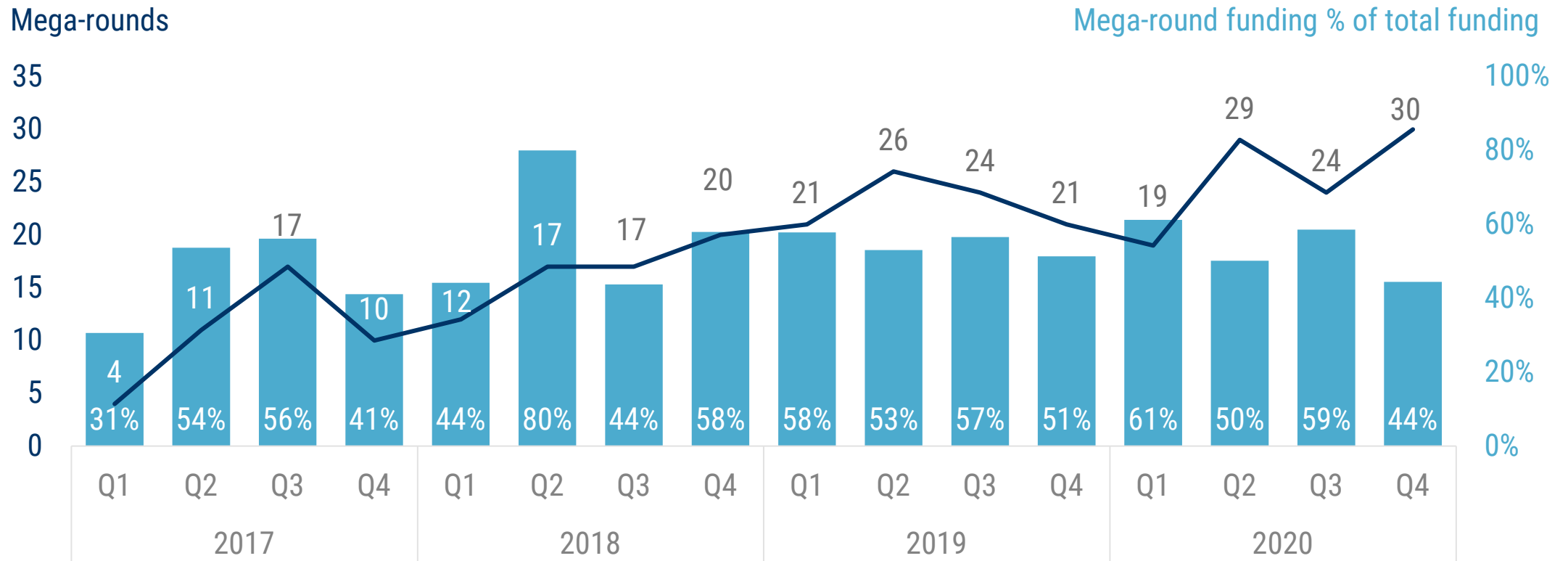
Meanwhile, funding remained level in 2020

Quarterly global VC-backed fintech financing (\$M), Q1'17 – Q4'20



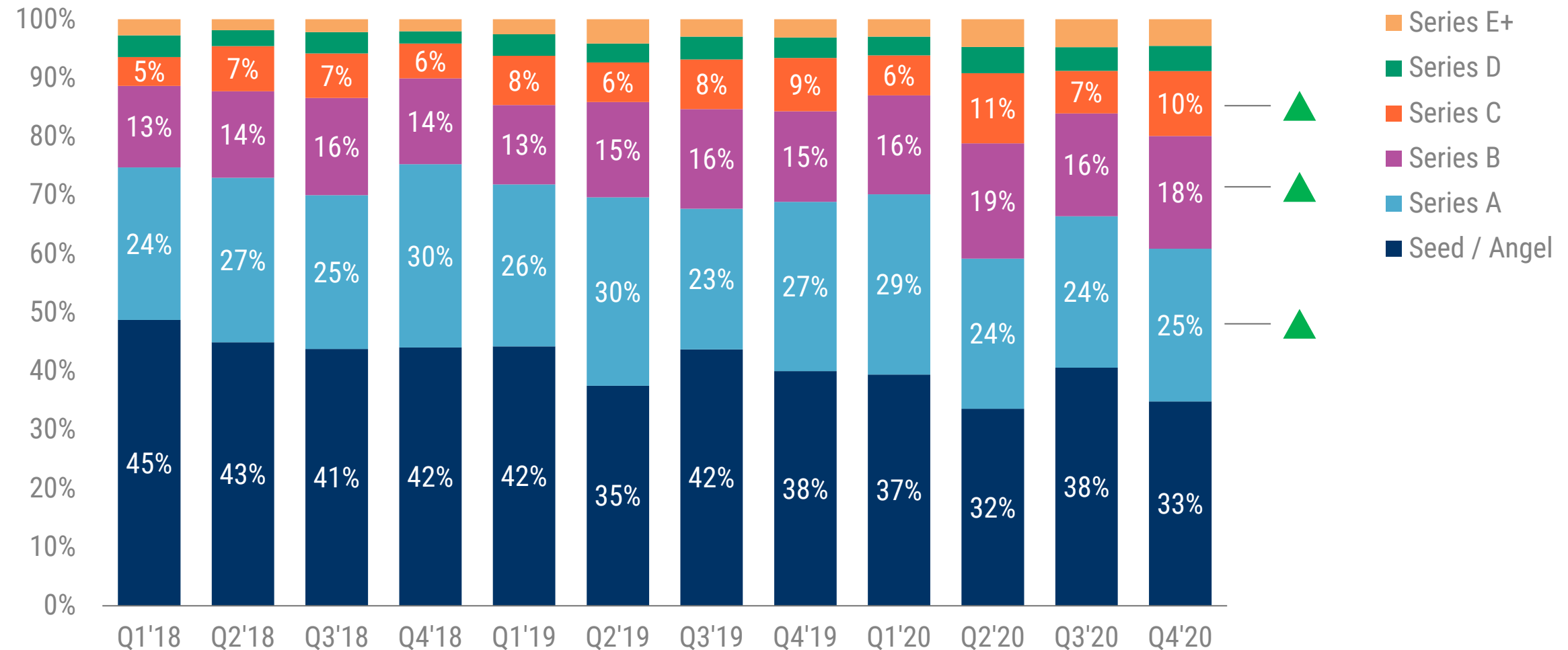
Mega-rounds reached new high in Q4'20, but had lowest share of funding since Q1'17

Global number of fintech mega-rounds (\$100M+) and share of total funding, Q1'17 – Q4'20



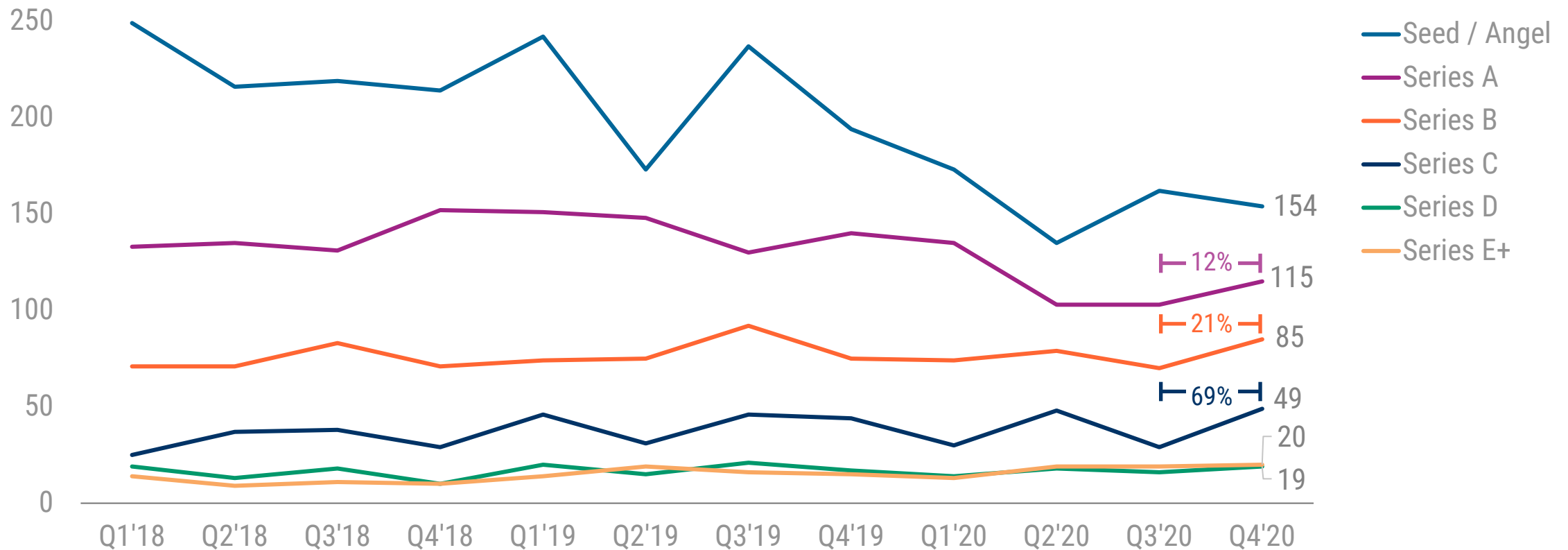
Series A, B, and C deals gained share in Q4'20

% of quarterly deal activity by deal stage, Q1'18 – Q4'20



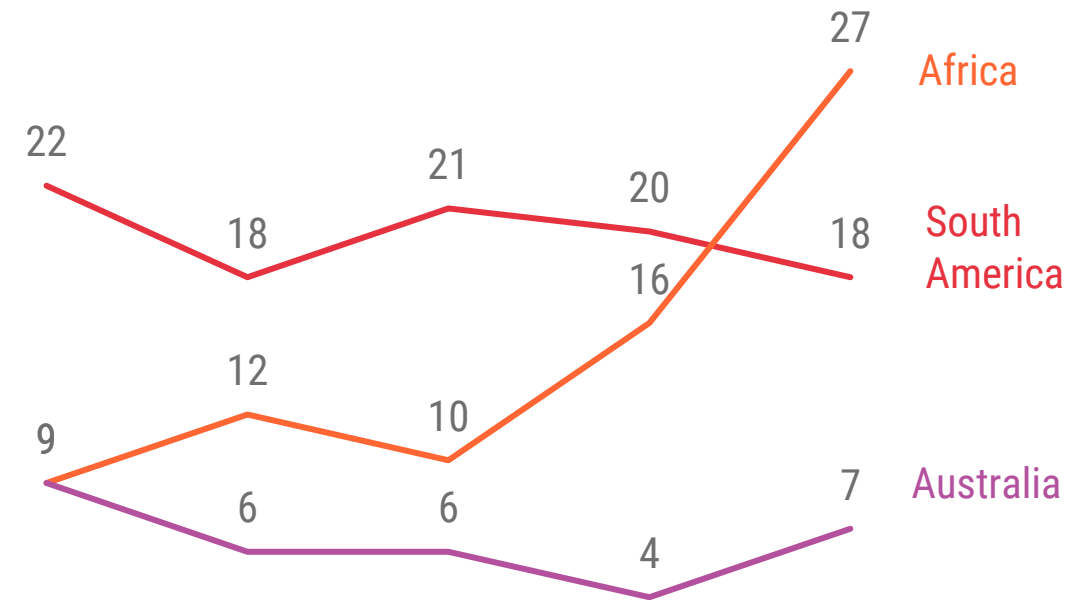
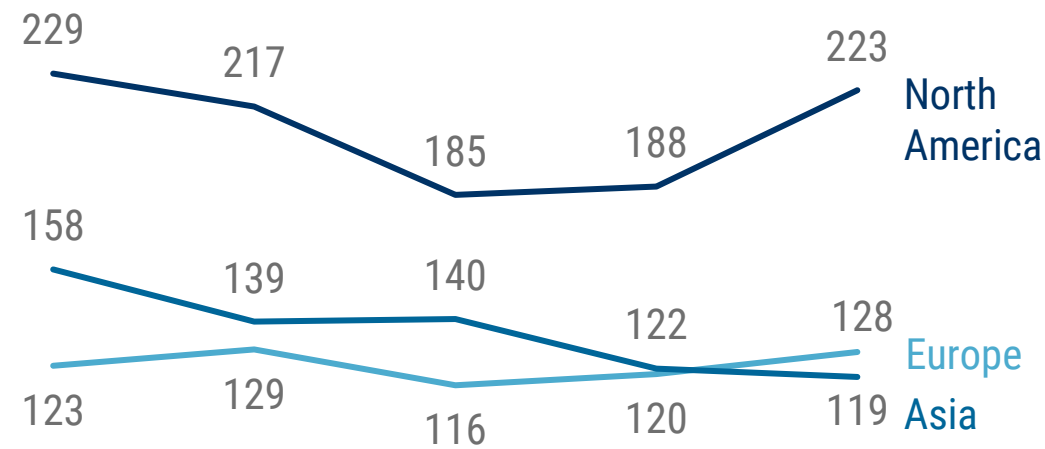
Series A and mid-stage deal activity also increased QoQ

Quarterly deal activity by deal stage, Q1'18 – Q4'20



Europe overtook Asia in deal activity in Q4'20; Africa's deals grew for second consecutive quarter

Global VC-backed fintech deals by continent, Q4'19 – Q4'20

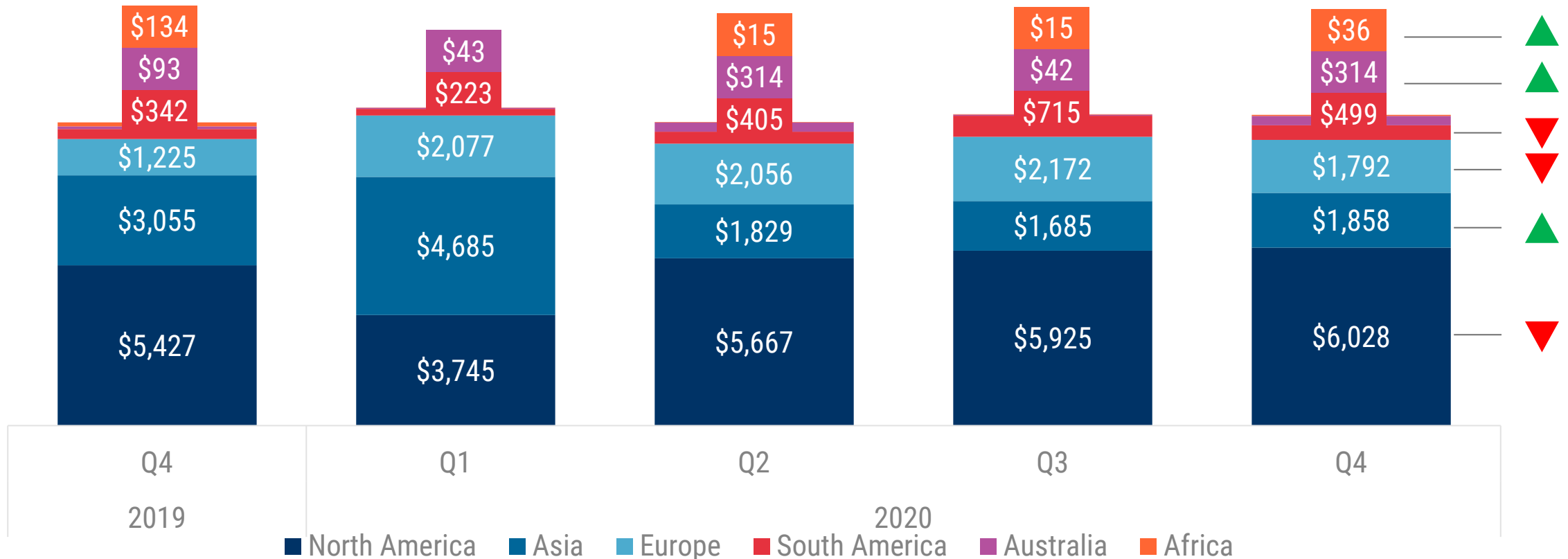


Q4	Q1	Q2	Q3	Q4
2019				

Q4	Q1	Q2	Q3	Q4
2019				

Funding in Africa, Australia, and Asia grew QoQ

Quarterly funding (\$M) by continent, Q4'19 – Q4'20



Top rounds span many fintech verticals

Q4'20 fintech funding rounds of \$150M or higher (continued on next page)

Company	HQ	Deal Date // Amount Raised	Total Disclosed Funding	Select Investors	Description
 Hippo	US – CA	Nov '20 // \$350M	\$709M (\$1.5B valuation)	Mitsui Sumitomo Insurance Venture Capital, Propel Venture Partners, Fifth Wall Ventures	Homeowners insurance
 DataRobot	US – MA	Nov '20 // \$320M	\$751M (\$2.2B valuation)	Snowflake Ventures, New Enterprise Associates, Accomplice, Sapphire Ventures	Enterprise AI platform
 credits	Brazil	Dec '20 // \$255M	\$568M (\$1.8B valuation)	Kaszek Ventures, Amadeus Capital Partners, SoftBank Group, QED Investors, Naspers	Digital lending
 judobank	Australia	Dec '20 // \$212M	\$1,518M (\$1.2B valuation)	Ironbridge Capital, Bain Capital Credit, Tikehau Capital, Citibank, Goldman Sachs	Digital SMB lending
 Mission Lane	US – VA	Dec '20 // \$207M	\$707M	Invus Group, QED Investors, Oaktree Capital Management, Goldman Sachs	Credit card issuer
 unqork	US – NY	Oct '20 // \$207M	\$367M (\$2B valuation)	capitalG, BlackRock, Broadridge Financial Solutions, Blue Seed Collective, Goldman Sachs	No-code platform
 better	US – NY	Nov '20 // \$200M	\$405M (\$4B valuation)	American Express Ventures, Pine Brook, Kleiner Perkins Caufield & Byers, Ally Financial	Digital mortgage lender











57% of top deals were raised by US-based cos

Q4'20 fintech funding rounds of \$150M or higher (continued)

Company	HQ	Deal Date // Amount Raised	Total Disclosed Funding	Select Investors	Description
	US – CA	Dec '20 // \$160M	\$262M (\$1B valuation)	Accel, Norwest Venture Partners, Tiger Global Management, Steadview Capital, Avataar Venture	Point-of-sale & billing platform
REDAPTIVE®	US – CA	Oct '20 // \$157M	\$178M	CBRE Group, ENGIE New Ventures, Linse Capital, Energy Ventures, CarVal	Real estate management
 (eSign) 已签宝	China	Nov '20 // \$150M	\$273M	Gobi Partners, Shenzhen Capital Group, Ant Financial Services Group, THG Ventures	eSignature
	Indonesia	Nov '20 // \$150M	\$4,735M	Tencent Holdings, PayPal, KKR, Google, Formation Group, Sequoia Capital India	E-commerce & payments
	China	Nov '20 // \$150M	\$630M	Tencent Holdings, IDG Capital, Gaorong Capital, Swiss Re, Sinovation Ventures	Health insurance
	US – CA	Oct '20 // \$150M	\$286M (\$2B valuation)	Durable Capital Partners, Greenoaks Capital, Group 11, Zeev Ventures, 01 Advisors	SMB
	Brazil	Oct '20 // \$150M	\$170M	Visa Ventures, Temasek, Advent International, Viking Global Investors, Riverwood Capital	Payments platform





























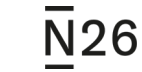






The most active fintech VCs from Q4'19 – Q4'20

By number of unique fintech company investments (new or follow-on)

Rank	Investor	Select Fintech Investments
1*	SEQUOIA 	 CRED  FORTER  ny Robinhood   bankbazaar.com  ETHOS  Airwallex  durianpay  Razorpay  stripe Klarna.  CAPITAL FLOAT  toss
2	500 startups	 CHIPPER. CREDITSTACKS  YayPay  MERCURY EMQ  Albert  trusting social  FINNOMENA  sarwa  COMPSTAK  WVA  CUBE Wealth
3	Ribbit Capital	Robinhood   ny  Coalition™  CRED  uall  warren  upgrade  FIGURE  Razorpay BharatPe  BREX  Revolut
4	Accel	 Anyfin  monzo  WorldRemit  UiPath™  PayFit luko  TRADE REPUBLIC  ETHOS  rupeek GOCARDLESS Coverfox  deserve
4	GFC	 Mamo Pay  benepass  Anyfin  atom  pixpay  (h[s])  HYPERSCIENCE  MODIFI  TheGuarantors  TAXbit  provi

The most active fintech VCs from Q4'19 – Q4'20

By number of unique fintech company investments (new or follow-on)

Rank	Investor	Select Fintech Investments
6		    
7		     
8		     
9		    
10		        

Payment facilitators raise funding to offer SaaS platforms in-house payments

The logo for PAYRIX, featuring the word "PAYRIX" in a clean, sans-serif, uppercase font.

Q4'20 Funding: \$28M Series A - II

Select Investors: Providence Equity Partners, Blue Star Innovation Partners

Focus: Payrix is a full-service payment facilitator platform that provides end-to-end solutions to simplify payment facilitation for marketplaces, ISOs, and SaaS providers.

The logo for tilled, featuring the word "tilled" in a bold, lowercase, sans-serif font, with a small blue square icon to the left. Below it, the text "PayFac-as-a-Service" is written in a smaller, blue, sans-serif font.

Q4'20 Funding: \$2.2M seed

Select Investors: N/A

Focus: Tilled is a payfac-as-a-service platform that enables businesses to generate revenue from payments processing.

The logo for GRAVY, featuring a stylized green and white circular icon to the left of the word "GRAVY" in a bold, uppercase, sans-serif font.

Q4'20 Funding: \$1.1M seed

Select Investors: Plug and Play Ventures, Global Founders Capital, Activant Capital

Focus: Gr4vy offers a no-code, cloud-based payment orchestration platform that helps mid-sized businesses add payments infrastructure to their businesses.

Installment payments players emerge across different verticals



Q4'20 Funding: \$3.9M seed

HQ: Columbia, MO

Select Investors: Revolution Ventures

Focus: Paytient lets employees pay any medical, dental, vision, and vet bills over time. Companies can issue payment cards to let employees pay on a pre-tax or post-tax basis in full or over time



Q4'20 Funding: \$4.5M seed

HQ: New York, NY

Select Investors: Walkabout Ventures, Upfront Ventures

Focus: Clair provides instant pay access as a service for human capital management platforms and the gig economy. With Clair, employees and contractors get access to a digital bank account that allows them to get a portion of their earned wages as soon as they finish work.



Q4'20 Funding: \$34M Series A

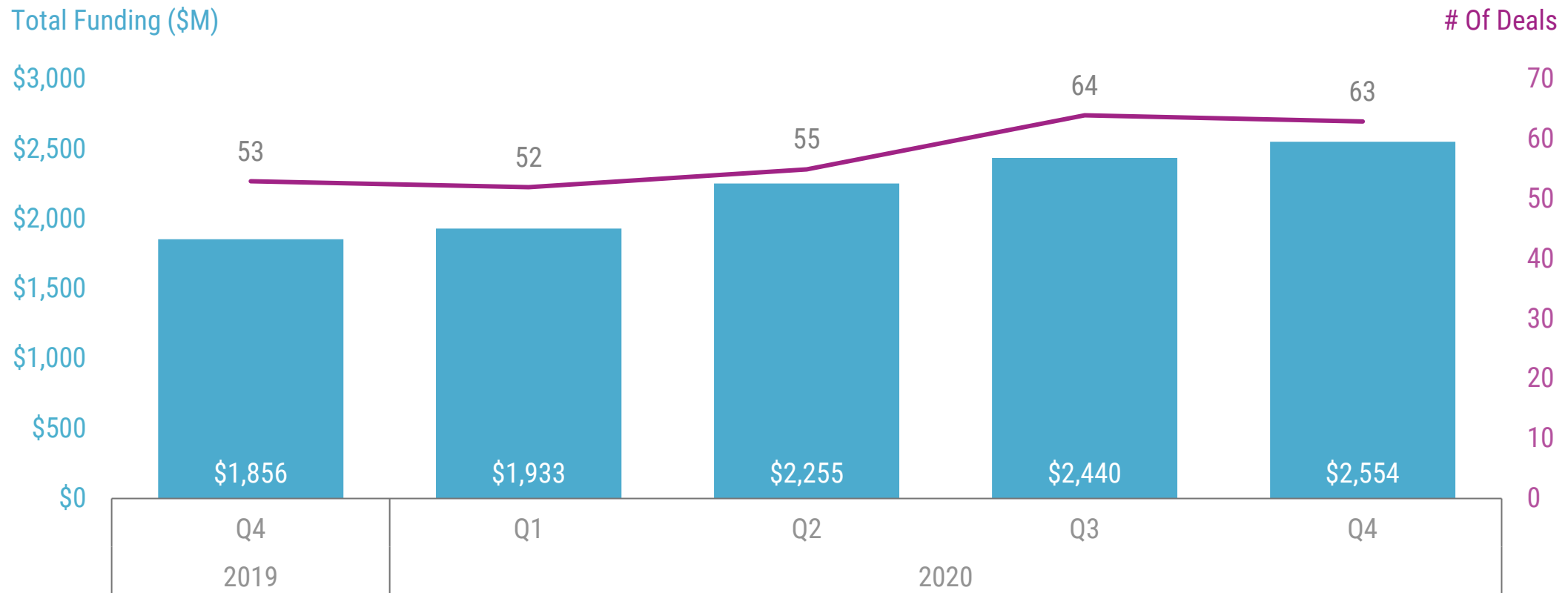
HQ: Los Angeles, CA

Select Investors: Greycroft, Loeb.NYC, Bonfire Ventures

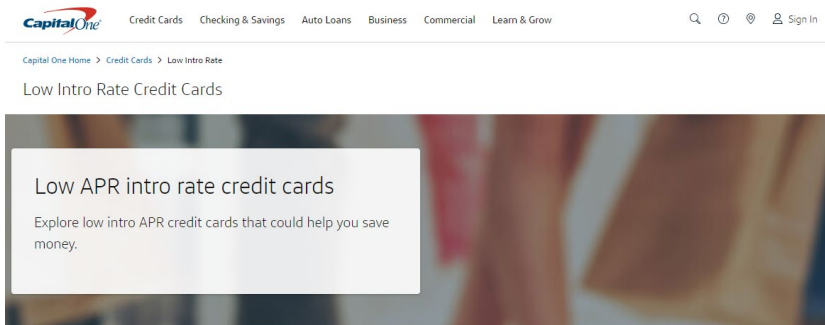
Focus: Credit Key is a B2B fintech that allows merchants to offer an integrated, in-cart BNPL function at the online point-of-sale.

Funding to digital banking companies rose for the fourth consecutive quarter

Global VC-backed banking financing trends, Q4'19 – Q4'20



Capital One pushes back on BNPL for credit card transactions



Key Highlights:

- In December 2020, Capital One became the first major financial institution to bar its 62M customers from using its credit cards to clear BNPL debt.
- The company stated that BNPL transactions are risky for customers and banks as credit card defaults and charge-offs are expected to rise amid the pandemic.
- Capital One's main revenue generator is interest. Eliminating competitors who allow interest-free installment lending will help the company stay competitive and force its customers to use its credit card financing options instead.
- BNPL companies are subject to less regulatory scrutiny in most countries and usually attract customers with little to no credit history.
- Customers will still be allowed to use BNPL options through Capital One's debit card and checking account products.
- The BNPL industry should expect similar strategic decisions from major card issuers while BNPL regulation remains limited.

WHAT THE STATE OF FINTECH COVERS



PAYMENTS

Payments processing, card developers, money transfer platforms, and tracking software



BANKING

Digital-first banks or companies digitizing banking services for credit and debit



ALTERNATIVE LENDING

Companies creating new solutions for personal or commercial lending



WEALTH MANAGEMENT

Personal finance tools, investment and wealth management platforms, and analytics tools



INSURANCE

Companies selling or distributing insurance digitally or providing data analytics and software for (re)insurers



CAPITAL MARKETS

Sales and trading, analysis, and infrastructure tools for financial institutions



SMB

Companies focused on providing solutions to small- and medium-sized businesses

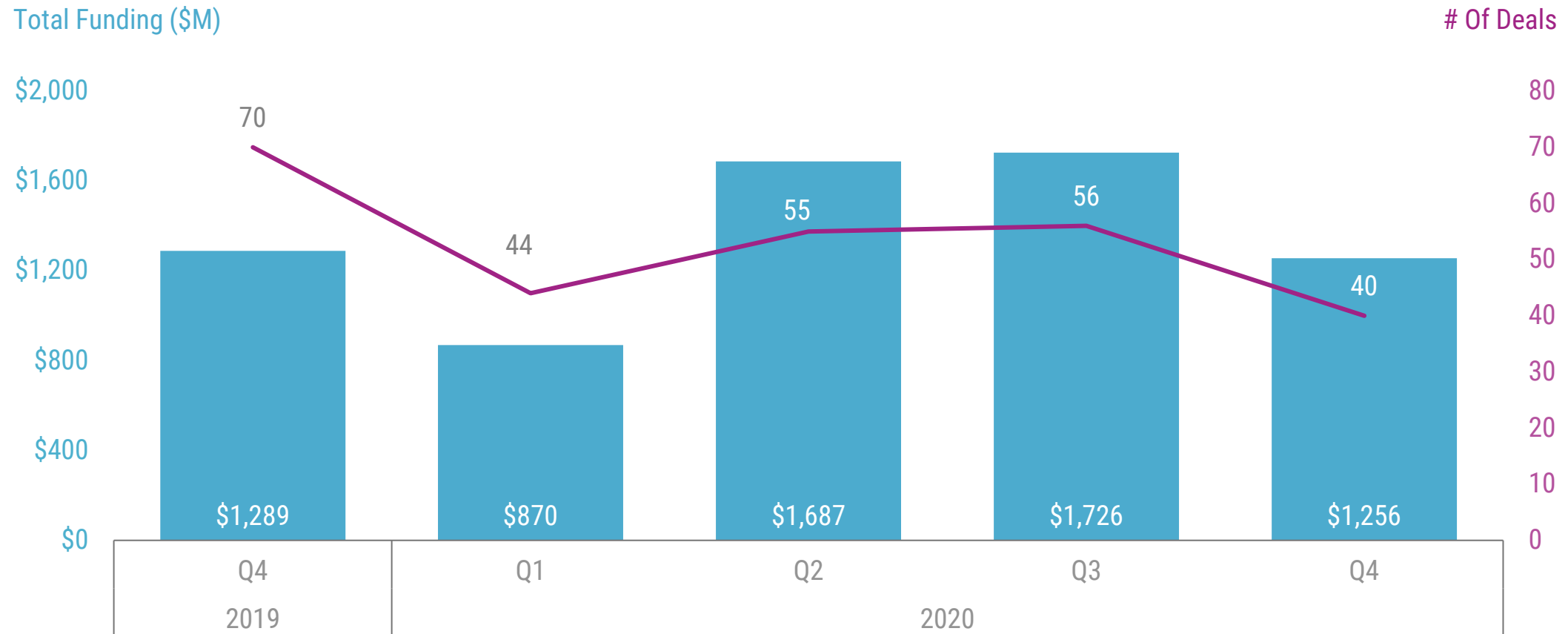


REAL ESTATE

Mortgage lending, transaction digitization, and financing platforms

Lending deal activity and funding fell in Q4'20

Global VC-backed alternative lending financing trends, Q4'19 – Q4'20



ESG-focused startups became strategic acquisition targets

FACTSET



 TRUVALUE LABS

M&A Transaction: FactSet announced its acquisition of Truvalue Labs, an AI-driven ESG data analytics platform, in October 2020.

The acquisition will bolster FactSet's ESG data since Truvalue Labs currently covers 19,000 public and private companies and generates scores derived from various ESG signals.

MOODY'S



 MIOTECH

M&A Transaction: In November 2020, Moody's announced its acquisition of a minority stake in MioTech, a provider of ESG & KYC data and analysis tools in China.

The acquisition will provide innovative ESG and KYC solutions for Moody's in China's growing financial market.

Wahed



 NIYAH

M&A Transaction: Fintech Wahed Invest announced its acquisition of UK-based challenger bank Niyah in December 2020.

Wahed Invest provides robo-advisor investment services for the Muslim community, which will be further enhanced with Niyah's banking app and ethical financial platform that serves UK's underserved Muslim population.

Regional homeowners insurance startups raised rounds in Q4'20



Q4'20 Funding: \$350M Series F

Select Investors: Mitsui Sumitomo Insurance Venture Capital

Focus: Hippo is a California-based homeowners insurance startup. The company uses smart home devices to identify and mitigate risks to reduce claims. The company also raised \$150M in July after its acquisition of Spinnaker Insurance Company in June.



Q4'20 Funding: \$60M Series B

Select Investors: Founders Fund, Accel, Speedinvest

Focus: Luko is a France-based homeowners insurance startup. The company claims to pay out claims quicker than incumbent insurers and offers home repairs from a certified expert within 2 days if needed.




Q4'20 Funding: \$9M Series A – II

Select Investors: Obvious Ventures, Cherry Ventures, CommerzVentures, Novax

Focus: Hedvig is a Sweden-based homeowners insurance startup. The company allows customers to get quotes, buy, and manage their homeowners policy through its mobile app.

Insurtech companies eye public markets

<p><i>Lemonade</i></p> <p>IPO date: June 2, 2020 Amount raised: \$319M</p> <p>Lemonade, a home and renters insurance provider, went public on June 2, 2020. The company raised \$319M at a \$1.59B valuation at the date of the IPO. The stock was up 145% as of December 31, 2020</p>	<p>Clover</p> <p>SPAC date: October 6, 2020 Amount raised: \$1.2B</p> <p>Health insurance provider Clover Health announced it would go public via SPAC on October 6, 2020. The company was valued at \$3.7B at the date of acquisition by Social Capital Hedosophia Holdings Corp III.</p>	<p>Root Insurance Co</p> <p>IPO date: October 28, 2020 Amount raised: \$724M</p> <p>Auto insurance company Root went public on October 29, 2020. It raised \$724M at a \$6.75B valuation at the date of the IPO. The stock was down 42% as of December 31, 2020.</p>
<p><i>Metromile</i></p> <p>SPAC date: November 24, 2020 Amount raised: \$230M</p> <p>Metromile, an auto insurance provider, announced it would go public via SPAC on November 24, 2020. It was valued at \$1.3B at the date of acquisition by INSU Acquisition Corp II. The transaction is expected to close in Q1'21.</p>	<p>oscar</p> <p>IPO date: 2021</p> <p>Oscar, a health insurance provider, announced it had confidentially filed in December 2020 for a proposed IPO. The company also raised a \$140M Series F led by Tiger Global Management in December.</p>	<p> Hippo</p> <p>IPO date: 2021?</p> <p>Home insurance company Hippo is rumored to also be looking to go public in 2021, either through a traditional IPO or a merger with a SPAC. The company also raised \$350M from MS&AD Insurance in November.</p>

Incumbents and startups build out API capabilities



Nationwide

CHUBB®

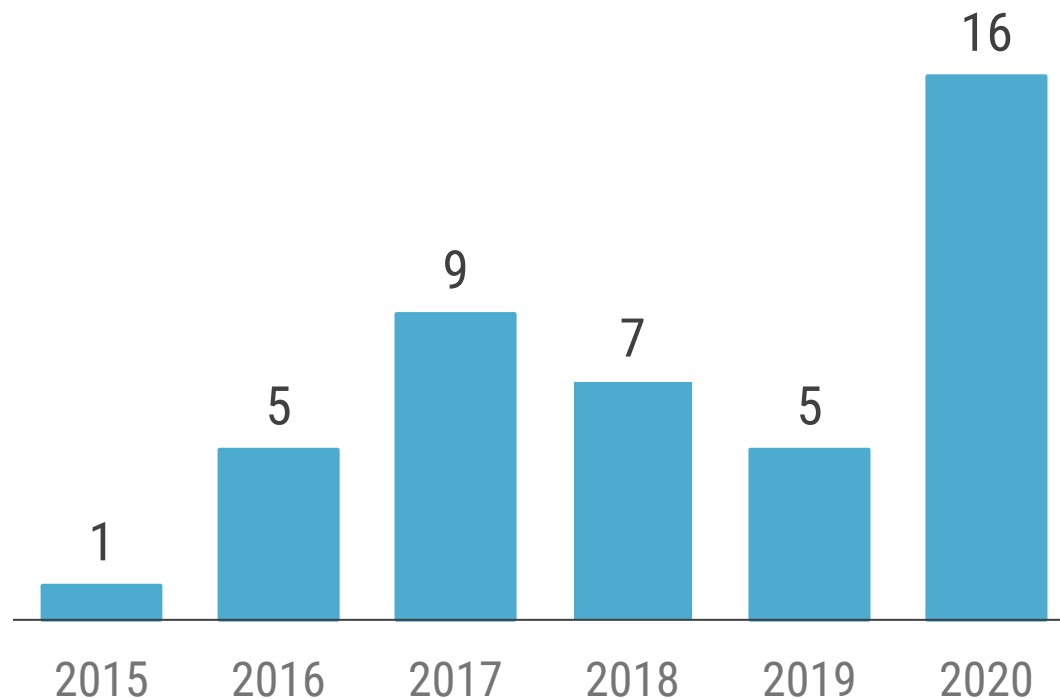
- In December, Nationwide announced the launch of its Partnership Platform, which enables developers to offer Nationwide products to their own customers via API integrations. The company currently partners with Ford, Amazon, and Bold Penguin through this platform.
- Chubb announced it was working with Brazil-based digital bank Nubank to offer life insurance to its banking customers in December. The product was built using Chubb Studio, an API-driven integration platform the company unveiled in September.



- In November, workers compensation and commercial insurance provider Pie Insurance announced the launch of its partner API. The company says the API enables partners to access Pie's application and provide quotes to customers.
- Life insurance provider Bestow launched its Protect API, which enables companies to offer life insurance through their own interfaces, in November. The company also revealed that its first partner to use the API was Tomorrow Ideas, a company offering will and trust services.

Insurtech companies merge to strengthen products

Insurtech startup M&A deals, 2015 – 2020



Insurtech startup Q4'20 selected M&A activity

BOLD
PENGUIN

 **riskgenius**

October 6, 2020: Commercial insurance distribution platform Bold Penguin acquired RiskGenius, an insurance data enhancement platform, for an undisclosed amount.

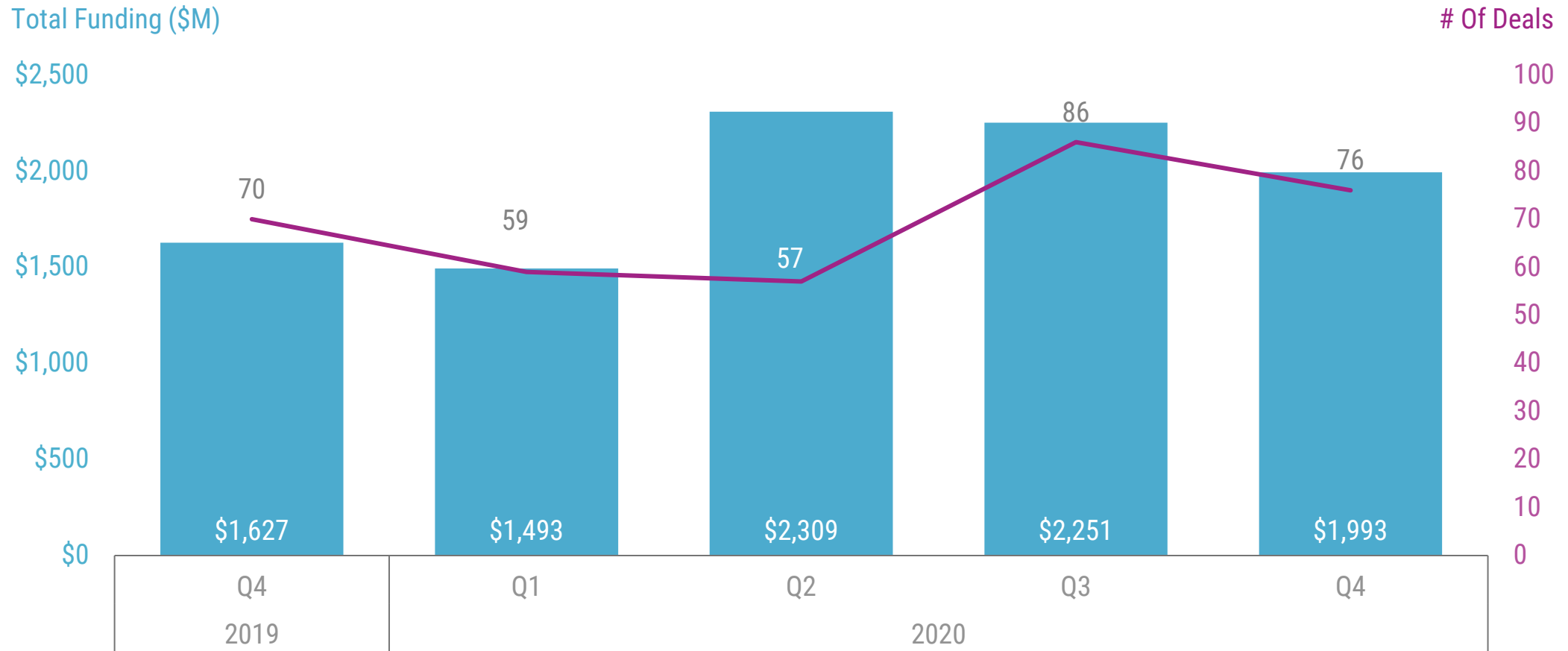
NEXT
INSURANCE

 **Juniper**

December 10, 2020: Small business insurer Next Insurance acquired Juniper Labs, an insurance data enhancement platform, for an undisclosed amount.

Capital markets deals, funding declined in Q4'20

Global VC-backed capital markets financing trends, Q4'19 – Q4'20



Investment data and analytics platforms raised early- and late-stage funding rounds

DataRobot

Q4'20 Funding: \$320M Series F

HQ: Boston, MA

Select Investors: Salesforce Ventures, Hewlett Packard Enterprise, Snowflake Ventures

Focus: DataRobot is a machine learning platform that leverages AI to help financial services firms reimagine their operations, from trade execution to asset allocation and fraud detection.



Q4'20 Funding: \$3M Series A-II

HQ: San Francisco, CA

Select Investors: DLA Piper Venture Fund, Orrick Venture Fund, Donnelley Financial Solutions

Focus: Aumni offers an investment data analytics platform for private markets. The company's platform extracts, audits, and tracks thousands of data points from definitive investment agreements.








Q4'20 Funding: N/A Series C

HQ: Hong Kong

Select Investors: Moody's, TOM Group

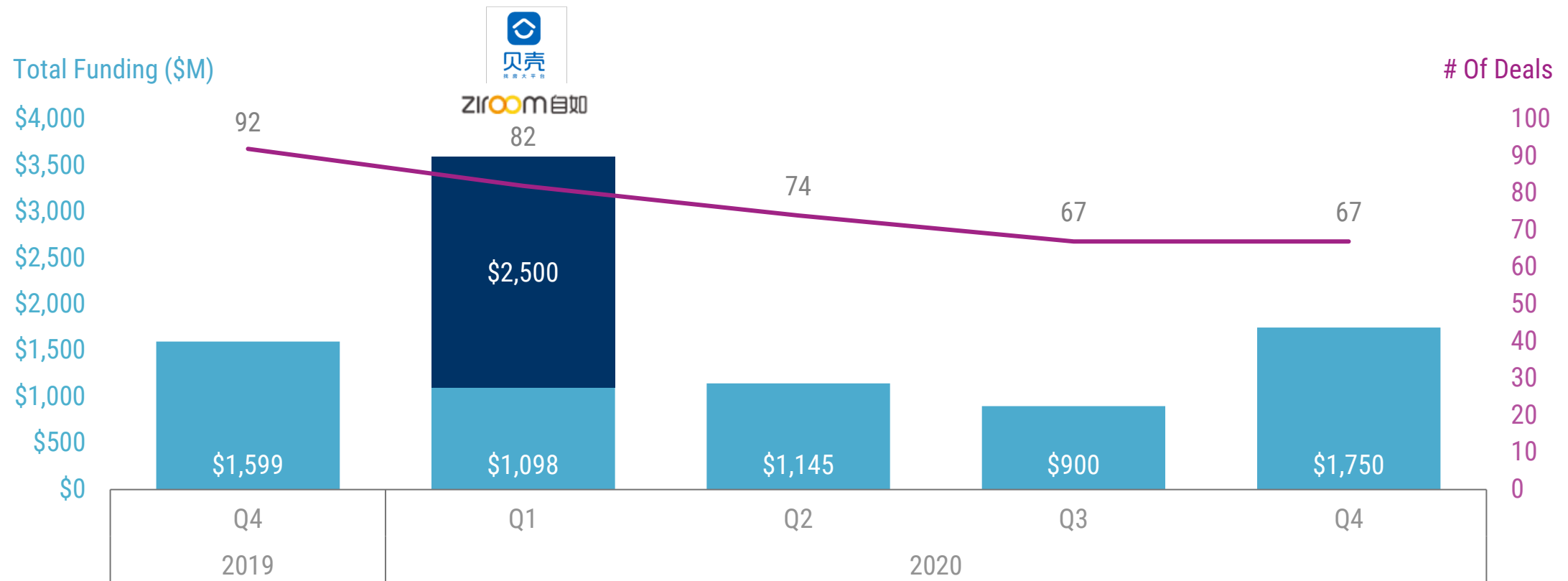
Focus: MioTech develops financial intelligence solutions for investment managers. The company's platform enables users to aggregate multiple data sources, study financials and scenarios, and automate workflows.

Point-of-sale systems and SMB lenders were M&A targets in Q4'20

Company	Exit Valuation	Total Disclosed Funding	Acquirer	Description
 SHOPKEEP	\$440M	\$162M	Lightspeed POS	ShopKeep provides a cloud-based iPad point-of-sale system.
 Upserve	\$430M	\$191M	Lightspeed POS	Upserve offers a cloud point-of-sale for restaurants.
 VISMA	\$225M	\$123M	Mercell	Visma provides business management software and services in the Nordic region.
 ondeck	\$122M*	\$394M	Enova	OnDeck Capital offers small businesses loans.
 fundera	\$24M	\$18.4M	NerdWallet	Fundera is an online marketplace for small business financial loans.

Real estate funding rebounded after 5-quarter low

Global VC-backed real estate financing trends, Q4'19 – Q4'20



SPACs surge in real estate tech

**CBRE latest real estate firm to hop
on SPAC bandwagon**
Nov 11, 2020

THE REAL DEAL
NEW YORK REAL ESTATE NEWS

**Tishman Speyer Launches \$300M
SPAC to Invest in Proptech**

Nov 10, 2020

COMMERCIAL OBSERVER

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