

REDVINE PARTNERS

*Personalized asset management*

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# Company Overview

**Redvine Partners** is an innovative **investment management company** that offers **tailored investment portfolios** to **high net worth individuals** and **corporations**.

- **Highly experienced founding team** with collectively more than 20 years of investing experience across **public** and **private markets**.
- Focused on providing **high net worth individuals** with between \$10 million to \$150 million in investable assets with access to a high quality, differentiated investment portfolio that better reflects their personal goals and needs.



# Leadership

## Talented investors from public and private markets

CEO	<b>Le Zhang</b>	<ul style="list-style-type: none"><li>• 7 years public markets investment experience in hedge funds (Perry Capital)</li><li>• 3 years seed-stage investing experience</li><li>• Harvard College BA (2007); Wharton MBA (2016)</li></ul>
General Counsel, Private Markets Investments	<b>Lucas K.T. Lee</b>	<ul style="list-style-type: none"><li>• 6 years private markets investment experience in Asia and Europe</li><li>• Former Head of Asia-Pacific legal team at \$40bn private markets fund manager (Partners Group)</li><li>• University of Sydney JD (2007); Wharton MBA (2016)</li></ul>
Public Markets Investments, Investor Relations	<b>Quan (Laura) Cheng</b>	<ul style="list-style-type: none"><li>• 6 years investment experience in public and private markets (Atlantis Investment Management, J.P. Morgan)</li><li>• 2 years fundraising experience in Asia</li><li>• Fudan University MA (2011); Wharton MBA (2016)</li></ul>
Venture Capital Investments, Partnerships	<b>Roger Chen</b>	<ul style="list-style-type: none"><li>• 3 years working in product management at Google</li><li>• Previous consulting and research experience with numerous Silicon Valley venture capital firms</li><li>• University of Michigan BS (2011); Wharton MBA (2016)</li></ul>

# Problem

## Theory

**Modern Portfolio Theory**, which is a framework for thinking about how to create a portfolio that maximizes returns while minimizing volatility, has **many underlying assumptions** that are **not necessarily realistic**. One assumption is that investors are **currently holding diversified portfolios**. When all assumptions hold, assets are priced solely based on how they covary with the market portfolio.

## Reality

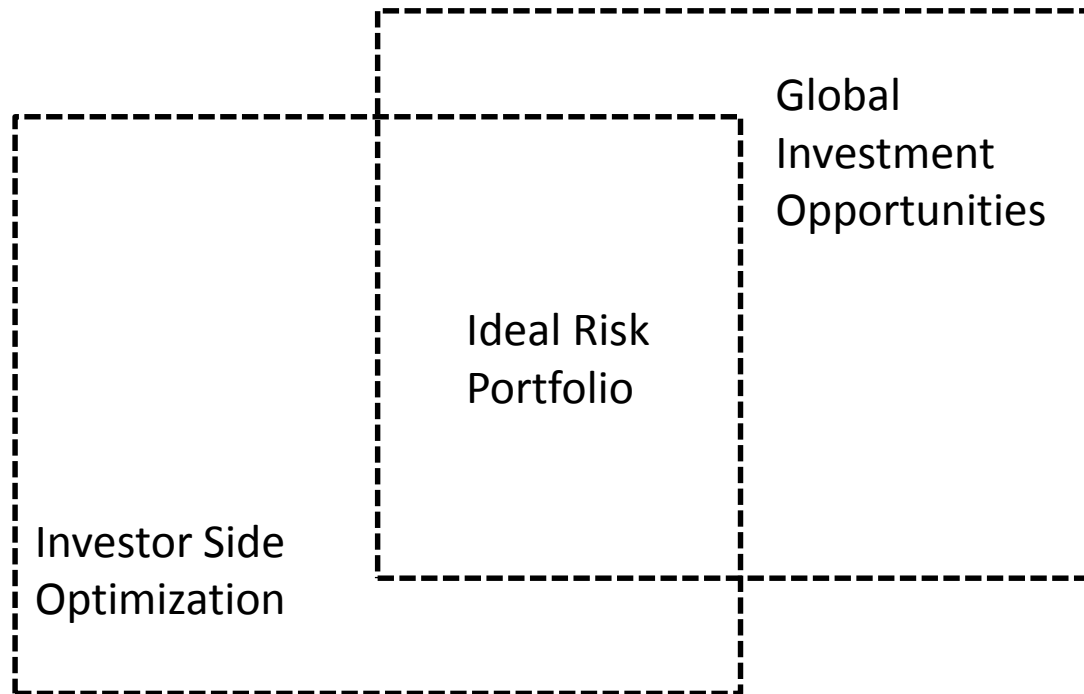
In reality, **people are different**, and many investors are not holding diversified portfolios. We believe that **adding information related to the investor** will result in **better investment portfolio recommendations**.

# Product

**Tailored Investment Portfolio With Two Differentiating Features:**

**(1) Personalized Portfolio Optimization**

**(2) Global Risk Portfolio**



# Personalized Portfolio Optimization

## Three Novel Components Not Found in Traditional Portfolio Optimization

### Life Cycle

Redvine takes age and number of dependents into account when evaluating the best mix of investments and liquid assets.

### Professional

Redvine calculates the covariance between the industry and the market and adjusts investment choices accordingly. Occupation and stage of company are used as modifiers for the asset allocation. Unstable professions and work at early-stage companies carry a high degree of risk, which will be taken into account. Employees at public companies will see their modifier adjusted based on the company's credit rating.

### Existing Assets

Redvine will adjust for holdings such as real estate, employee stocks/options, and other business interests that the investor discloses.

# Global Risk Portfolio

## The Portfolio

- Redvine intends to invest broadly and **actively** across **publicly traded assets** and **privately held assets worldwide**, including:
  1. Public stocks
  2. Publicly traded bonds
  3. Shares in non-publicly traded companies (i.e. private equity)
  4. Shares in startups (i.e. venture capital)
- For its **private market investments**, Redvine will source and invest in these assets through its in-house staff, reducing the management fee and performance fees incurred by outsourcing to 3<sup>rd</sup> party managers.

## The Benefits

- Corrects for shortcomings of typical **passive investment strategies**:
  1. Geographically **diversified**
  2. Exposure to companies at **different stages of corporate life cycle** (especially earlier, higher growth stages)
  3. Exposure to asset classes that typical high net worth investors have had limited or no access to



# Target Customers

## High Net Worth Individuals (\$10 - \$150 million investable assets)

- More than **16.3 million** households globally with investable assets above \$1 million. (BCG)
- In the United States alone there are **590,000 households** in 2013 with investable assets between **\$5 million to \$150 million**.
- Globally, these individuals comprise:
  1. Senior corporate executives
  2. Senior professionals at law firms, banks and hospitals
  3. Entrepreneurs or early employees at startups that have had successful exits
- **These individuals do not have enough assets** to employ a **dedicated family office** to manage their financial affairs (only economical when investable assets > \$500 million)
- **Not well served** by consumer-focused products; Mostly **commercial banks** (**limited access to private market assets** and **portfolio optimization features**)

# Competition

## Traditional Competitors

- **Private banks:** Provide asset management services to their high net worth clients. These firms typically provide a “one-stop shop” offering including investment management services and banking services. They may include access to private market assets through in-house or external fund-of-fund products.
- **Brokerage and asset management firms:** Frequently provide high net worth clients with dedicated relationship managers and preferential pricing on investment products, but have generally been constrained from offering direct access to private market assets.

## Robo-Advisors

- **Wealthfront & Betterment:** Robo-advisers with low management fees that have each recently surpassed \$1 billion in assets under management. Use modern portfolio theory to develop investment portfolios and invest across bonds, stocks, real estate and natural resources ETFs.
- **Personal Capital:** Recently reached \$1 billion assets under management. Charges 0.95% management fee on assets below \$5 million, and 0.75% management fee on assets above \$5 million. Assigns **dedicated financial adviser** to each client and develops portfolios customized for investor goals such as home purchases, saving for college, etc. Invests in combination of ETFs and individual stocks.

# Competition



# Marketing Strategy

1. Identify prospective clients (high net worth individuals with investable assets between \$10 million to \$150 million) in the United States and China through combination of industry contacts, alumni contacts, personal connections, and outreach to prospective clients at industry conferences and events. Conduct individual face to face meetings with prospective clients to explain benefits of Redvine's approach and develop optimized portfolio for each client.
  2. Publish articles and white papers describing benefits of Redvine approach.
  3. Speak at industry conferences and panels.
- **N.B.:** The Securities and Exchange Commission ("SEC") and other financial regulators generally **restrict advertising** by investment advisers and fund managers. Therefore, it is not expected that Redvine Partners will conduct any advertising campaign for its product, at least initially.



# 3-Year Financial Model

	Year 1	Year 2	Year 3
<hr/>			
<b><u>Drivers and Assumptions</u></b>			
AUM Growth (%)		20%	20%
Base fee (% of AUM)	2%	2%	2%
Performance fee (% of AUM)	20%	20%	20%
SG&A (% of AUM)	1%	1%	1%

# 3-Year Financial Model (cont.)

	Year 1	Year 2	Year 3
<hr/>			
<b><u>Financials</u></b>			
AUM (\$)	100,000,000	120,000,000	144,000,000
<b><u>Revenues</u></b>	-	-	-
Base fee (\$)	2,000,000	2,400,000	2,880,000
Performance fee (\$)	-	-	-
			Conservatively set at 0
<b>Total Revenues</b>	2,000,000	2,400,000	2,880,000
<b><u>Expenses</u></b>			
Salaries (\$)	500,000	600,000	700,000
SG&A (\$)	1,000,000	1,200,000	1,440,000
<b>Pre-tax Income</b>	500,000	600,000	740,000
Taxes	175,000	210,000	259,000
<b>Net Income</b>	325,000	390,000	481,000

# 3-Year Financial Model (cont.)

	Year 1	Year 2	Year 3	
<b><u>Cash Flows from Operations</u></b>				
Net income	325,000	390,000	481,000	
Non-cash taxes	-	-	-	Assume all taxes paid in cash
<b>Cash Flows from Operations</b>	<b>325,000</b>	<b>390,000</b>	<b>481,000</b>	

# Milestones

<b>Jan. 2015 – Mar. 2015</b>	<ul style="list-style-type: none"><li>• Consolidate insights from industry, academia, and software developers.</li><li>• Develop branding for product and company.</li><li>• Incorporate company (investment adviser for product).</li></ul>
<b>Apr. 2015</b>	<ul style="list-style-type: none"><li>• Assemble final team</li><li>• Begin process of obtaining SEC registration as investment adviser.</li><li>• Prepare initial draft of fund documents.</li></ul>
<b>Apr. 2015 – Sep. 2016</b>	<ul style="list-style-type: none"><li>• Approach potential clients to gather initial fund commitments</li></ul>
<b>Sep. 2016</b>	<ul style="list-style-type: none"><li>• Obtain regulatory approval from SEC and applicable foreign financial/securities regulators.</li><li>• Decide on list of clients for first fundraising.</li></ul>
<b>Sep. 2016 – Dec. 2016</b>	<ul style="list-style-type: none"><li>• Rent and furnish office space.</li><li>• Finalize agreements with service providers (e.g. prime brokers, fund administrators, custodians, financial information services, etc.)</li></ul>
<b>Dec. 2016</b>	<ul style="list-style-type: none"><li>• Initial launch of fund.</li></ul>