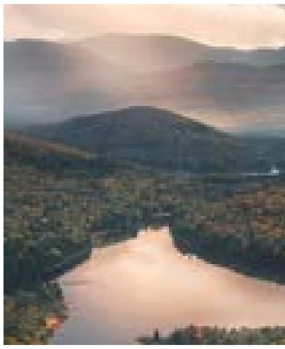
Why Fintech? Why now?

2024

Portage

Executive Summary



- Introduction to Portage
- Portage's 2024 Fintech Outlook
- Why Invest in Fintech Today
- Portage Maturation and Position

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Introduction to Portage

In 2016, Portage was founded to capitalize on enormous potential in the digitalization of the financial services sector.

Financial services is one of the largest sectors globally, representing 20%+ of global GDP[1,2], providing significant opportunity for the entire ecosystem - from incumbents, to disruptors, to investors.

Cofounders **Paul Desmarais III** and **Adam Felesky** saw an opportunity to leverage their industry experience and a broad network of financial institutions to invest into the next generation of fintech startups and founders.

1. Statistica. (2024, May 10). *Global gross domestic product (GDP) at current prices from 1985 to 2028.* Retrieved from https://www.statista.com/statistics/268750/global-gross-domestic-product-gdp/
2. Business wire. (2021, Mar 10). *Global Financial Services Market Outlook 2021-2030; Expected to Reach $28.52 Trillion by 2025 - ResearchAndMarkets.com.* Retrieved from: https://www.businesswire.com/news/home/20210310005386/en/Global-Financial-Services-Market-Outlook-2021-2030-Expected-to-Reach-28.52-Trillion-by-2025---ResearchAndMarkets.com

Introduction to Portage - Highlights[3]

US$**2.5**B+
Assets Under Management

86 **Direct Investments**
in 13 **countries**
and 15 **Exits**

31.5%
Fund I
Net ITD IRR

21.4%
Fund II
Net ITD IRR

2.9%
Fund III
Net ITD IRR

45[4] **LPs**
across 9 **countries**

13 **strategy summits** bringing together
a total of 1,500+ **attendees**

44 **active partnerships** to date generating
$229M+ **in Enterprise Value** for
portfolio companies

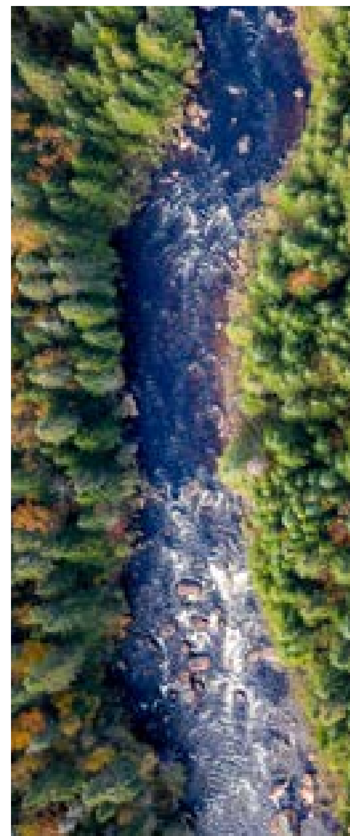
140+
Custom engagements
completed for LPs
(e.g. topic deep dives,
market scans, presentations)

3. As of December 31, 2023, unless otherwise indicated. All references to "dollars" or "$" are to U.S. dollars unless otherwise stated. Past performance contained herein is not necessarily indicative of future results and there can be no assurance that any Portage fund referenced on this slide will achieve comparable results or that such fund will be able to implement its investment strategy or achieve its investment objective. For more information regarding the calculation of performance information, please refer to "Performance Reporting" in the Appendix
4. Excludes HNWI

Portage's 2024 Fintech Outlook

Fintech is not a homogeneous sector and the trends that shape opportunities in each vertical - from Wealthtech to Insurtech to Consumer Finance to SMB Finance - can differ significantly.

Because of this, identifying opportunities for outsized returns requires deep knowledge of each vertical. This same level of expertise is also important geographically as each country has a unique set of circumstances, including regulations, which can be either a tailwind or a headwind. At Portage, fintech is all we think about and all we invest in. These are our focus areas for investment in 2024:



- Consumer Finance
- SMB Finance
- Insurtech
- Wealth and Asset Management
- Payments
- Regtech
- GenAI

For more on the trends and investable themes we are exploring this year, please see **Portage's 2024 Fintech Outlook**.

> Fintech is all we think about and all we invest in.

Why Invest in Fintech Today

Outsized Opportunity for Specialists with Capital

The global fintech industry has experienced significant growth since its nascency in the early 2000s. Much of this growth has been fueled by venture capital investments, which grew from $17 billion in 2015 to over $120 billion in 2023[5].

Recently, the end of low interest rates and resulting abundance of capital that characterized the beginning of the decade have led to a market correction. Private fintech fundraising dropped to $62 billion in 2023 from $164 billion in 2021 and valuations have come down from lofty levels seen in 2020/2021[6,7]. The market correction has created an opportunity for fintech investors with continued access to capital: the decline in funding and deal volume has driven valuations down, and capital constraints have reduced competition, but this has not coincided with a decline in new fintech creation. The number of fintechs created in 2023 in North America and EMEA was over 2.5k, far surpassing the ~1.3k created in 2022[8].

The summer of 2020 into 2021 saw pent-up investor demand, low cost of capital, and accelerated technology adoption due to the pandemic, which led to a significant number of IPOs in the United States (1,035 in 2021 vs. 232 in 2019)[9]. The market was characterized by high valuations and generalist investors, many of whom overlooked profitability in a rush to invest in fast growing tech companies[10]. Fintech companies that IPO'd in 2020 and 2021, at the peak of the market, are on average trading 60%+ below their IPO prices[11]. While some have interpreted the underperformance of the fintech companies that came to market in 2020-2021 as a reason to steer away from fintech, in reality this trend underscores the importance of sector specific investors. While generalist investors may allocate to the space, we believe verticalized knowledge is paramount to returns. Verticals within fintech are diverse and require specific expertise to navigate successfully. Experienced fintech investors understand the regulatory environment, local market dynamics, and nuances of business operations within each vertical.

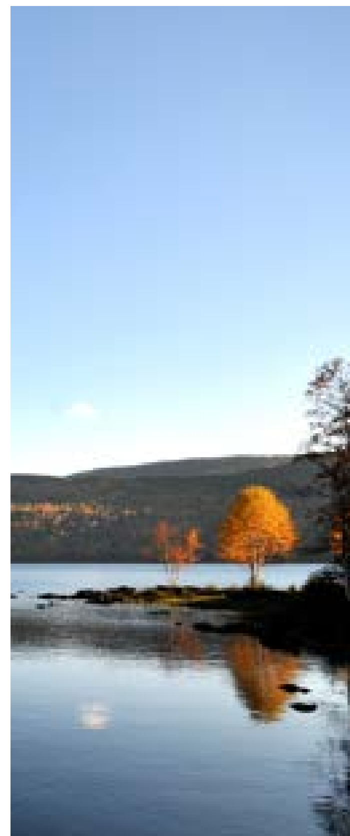
5. Statista. (2024, Feb 21). Value of global VC investment in fintech. Retrieved from https://www.statista.com/statistics/412642/value-of-global-vc-investment-in-fintech/
6. Portage analysis of Pitchbook data. www.pitchbook.com
7. McKinsey & Company. (2023, October 24). Fintechs: A new paradigm of growth. Retrieved from https://www.mckinsey.com/industries/financial-services/our-insights/fintechs-a-new-paradigm-of-growth
8. Ibid
9. Statista. (2024, Feb 7). Number of IPOs in the US since 1999. Retrieved from https://www.statista.com/statistics/270290/number-of-ipos-in-the-us-since-1999/
10. The New York Times (2020, June 17). The Tech I.P.O. Comes Roaring Back in the Pandemic. Retrieved from https://www.nytimes.com/2020/06/17/technology/ipo-pandemic.html
11. PYMNTS. (2024, April 29). Partnerships Dominate FinTech IPO Index News Ahead of Earnings. Retrieved from https://www.pymnts.com/news/fintech-investments/2024/partnerships-dominate-fintech-ipo-index-news-ahead-of-earnings/

Why Invest in Fintech Today (cont.)

Economic Downturns Yield More Resilient and Successful Companies

The fintech industry is expected to continue an impressive growth trajectory, valued at $290 billion in 2023, the industry is projected to reach $1,150 billion by 2032[12].

While the industry is expected to continue growing, the current macro conditions mean that the next generation of fintechs will be growing up in a more capital constrained world than their predecessors and the success stories from today's cohort will look different than those from previous generations. Fintechs born in the low cost of capital environment of recent decades have had to adapt, with cost containment and reduction becoming key priorities while pursuing capital efficient growth. While challenging, times of economic downturn have historically produced more resilient and successful startups. We believe that the simultaneous creation of companies with strong, sustainable fundamentals and lower valuations make today an opportune time for fintech investors. Moreover, we see an opportunity to leverage verticalized expertise and value creation resources to differentiate our portfolio companies as they navigate current economic conditions.



US$**1,150**B

Estimated Fintech Industry Valuation
in 2032

12. Fortune Business Insights. (2024, April 15). Fintech market overview. Retrieved from https://www.fortunebusinessinsights.com/fintech-market-108641

Why Invest in Fintech Today (cont.)

Potential to Benefit from Multiple Winners

Early innovation in fintech came from young, disruptive companies who saw the opportunity to compete directly with incumbents given the industry had lacked development for decades.

For years, start-ups embracing new technologies with lower costs to innovate were the driving force behind the revolutionized banking, insurance, payments, and wealth management industries. When Portage was founded, the priority for many incumbents' technology investment was into their migration to the cloud. Meanwhile, a cohort of cloud native disruptors emerged focused on going direct to the consumer with a new offering and a consumer experience equivalent to those outside of financial services. Today, the dynamic has become more balanced than prior years. Most incumbents are now cloud native and in a much better position to modernize their technology stack and remain competitive with their peers and disruptors alike. Large financial institutions are making significant investment in technology, either through digital transformation initiatives or M&A. JP Morgan alone is investing $12 billion a year to fuel a team of 50,000 technologists, citing the importance of continued innovation to keep up with consumer preferences[13]. We expect the cloud to continue to be a core focus area, which will allow incumbents to take advantage of new emerging technology like AI whereby they can harness their incumbent data advantage.

The return of the incumbent is not lost on investors, as illustrated by the notable increase in the amount invested in B2B fintechs compared to B2C in recent years[14]. While this trend has shifted industry dynamics, fintech investors occupy a unique position in the market where it is possible to benefit from both disruptor and incumbent success. As incumbents deploy capital to transition off legacy systems and innovate, they become potential partners or potential acquirers of start-ups.

More than being agnostic to who wins between disruptors and incumbents, we believe fintech investors can create significant synergy potential in connecting portfolio companies to a network of financial institutions in their broader ecosystem.

Fintech is unique in this regard, as portfolio companies and investors in the fund operate as a part of the same broader financial services sector.

13. JPMorgan Chase & Co. (n.d.). Tech investment could disrupt banking. Retrieved from https://www.jpmorganchase.com/news-stories/tech-investment-could-disrupt-banking
14. Portage analysis of Pitchbook data. www.pitchbook.com

Why Invest in Fintech Today (cont.)

Repeatable Models in Regional Markets

Deep sector expertise provides an advantage in the context of geographically diverse mandates.

Emerging markets present enormous potential for fintech. A large portion of the global population remains unbanked and without access to basic financial services, leaving room for innovative solutions from fintech companies to bridge the gap[15]. Emerging markets are expected to contribute a large share of growth in the fintech industry in coming years[16]. Africa, Asia–Pacific (excluding China), Latin America, and the Middle East contributed 15% of global fintech revenues in 2022 and are estimated to reach 29% by 2028[17]. As fintech expands in new markets, we are seeing the emergence of similar business models across geographies. Investors with global mandates have the ability to leverage learnings from one market to investment opportunities in another. There are numerous avenues to benefit from this trend: winners in one geography can be used to assess investment opportunities in another, knowledge can be shared across portfolio companies with similar models, and there is potential for consolidation in the long-term. To benefit from this trend, however, understanding of idiosyncrasies across markets and verticals is highly important.

15. International Finance Corporation (2022, January). Banking on FinTech in Emerging Markets. Retrieved from www.ifc.org/content/dam/ifc/doc/mgrt/em-compass-note-109-jan-2022.pdf
16. McKinsey & Company. (2023, October 24). Fintechs: A new paradigm of growth. Retrieved from https://www.mckinsey.com/industries/financial-services/our-insights/fintechs-a-new-paradigm-of-growth
17. Ibid

Portage Maturation and Position

Given the above tailwinds, we believe Portage is uniquely positioned to capture a portion of the value creation set to take place in coming decades.

Managing over $2.5 billion across 86 different investments and three vintages, we have built a differentiated network of entrepreneurs, financial institutions, and investors, which all work to reinforce each other. The effect of our network, expertise, and thesis driven investment approach have resulted in our differentiated performance.

Biographies

Paul Desmarais III

Executive Chairman & Co-Founder, Portage

Paul Desmarais III is the Chairman and CEO of Sagard, an alternative asset management firm active in equity, credit and real estate. Paul engages actively in growing Sagard companies. Within the Sagard ecosystem, Paul is the Executive Chairman and Co-Founder of Portage (fintech & financial services investing) and the Chairman and Co-Founder of Diagram (venture builder). Within the investment portfolios, he is the Chairman of Wealthsimple, Novisto, and Grayhawk, and a director of nesto. Paul also sits on the board of Empower, the number two 401(k) business in the U.S.

Prior to Sagard, Paul worked at Goldman Sachs in the Investment Banking Division, Investment Strategy Group, and Special Situations Group; Imerys in supply chain management and strategy; and Great West Lifeco in risk management.

Paul holds a B.A. in Economics from Harvard College and an MBA from INSEAD in France.

Adam Felesky

Co-Founder & CEO, Portage

Adam Felesky is the Co-Founder and CEO of Portage. Adam is responsible for overseeing Portage's strategy to invest in leading fintech opportunities on a global basis. Within the investment portfolio, Adam's Board positions include Alpaca, Boosted.AI, Clark, CoverTree, Hellas Direct, KOHO, LoanStreet, Socotra, and Zilo. Adam is also a Managing Partner and a member of the Management Committee at Sagard, a multi-strategy alternative asset management firm and Board member of Grayhawk.

Prior to Portage, Adam was the Founder and Former CEO of Horizons Exchange Traded Funds, and a director and founding investor of BetaShares Exchange Traded Funds in Australia that was acquired by Mirae Asset Management of South Korea. Prior to this, he worked in JPMorgan's Derivatives group in New York. Adam began his career in investment banking at CIBC World Markets.

Adam holds a B.Eng. and B.A. in Political Science from McMaster University.

Appendix

Performance Reporting

Assets Under Management ("AUM") of Portage, is the sum of the net asset value and uncalled capital commitments, of all funds and co-investment vehicles managed for the Portage platform. Our definition of AUM is not based on any definition contained in our fund management agreements. Furthermore, our calculation may differ from the manner in which the SEC defines "Regulatory Assets Under Management* on Form ADV and from the AUM definition used by other asset managers.

The Enterprise Value for Portfolio Companies calculation of Enterprise Value (EV) revenue includes revenue generated from all strategic partnerships facilitated by Portage with portfolio companies of Portage Ventures I, Portage Ventures II, and Portage Ventures III, including Diagram as of December 31, 2023; EV assumes a 8x annualized recurring revenue (ARR) multiple and is denominated in Canadian dollars.

Fund I performance data includes Springboard I and Springboard II.

# of Investments (Companies) excludes founder's shares in Diagram companies. # of Investments (Funds) includes Diagram.

Net Fund IRR represents the annualized IRR on the total Limited Partners' capital contributions, distributions, and the Fund's net asset value after management fees, fund expenses, and carried interest as of December 31, 2023. Net Fund ITD IRR incorporates the performance results of certain investors who pay no or reduced management fees and/or no or reduced carried interest, and accordingly some investors may earn lower returns than those set out herein.

Performance Reporting Disclosure

Past Performance Disclosure

Past performance should not be relied upon as an indication of future results. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the investments herein. Investment in a fund involves significant risks, including loss of the entire investment.

Gross performance information does not reflect management fees or performance fees (i.e., carried interest) charged by Sagard or its affiliates, or any other fund-level expenses borne indirectly by investors in a fund, which will reduce returns and in the aggregate are expected to be substantial. Net performance is aggregated for all fee-paying investors and deducts management fees or performance fees (i.e., carried interest) charged by Sagard or its affiliates, or any other fund-level expenses. Net performance is based on contributions, distributions and ending unrealized value.

The returns presented herein include all returns generated by reinvested capital and profit. Without such reinvested capital, the returns presented herein could be materially lower.

Portage Ventures Fund II and III borrow under a credit facility (sometimes referred to as a "subscription line") to make investments and pay expenses and for other purposes to the extent permitted by the fund's partnership agreement. Fund-level borrowing to fund investments does not impact the portfolio total metrics presented, because those metrics measure a fund's cash outlays to and returns from its investments regardless of whether the cash outlays came from investor capital contributions or borrowings under the fund's credit facility. By contrast, fund-level borrowing to fund investments does impact the investor's gross and net metrics presented, because -those metrics reflect investors' cash outlays to, and returns from, the fund and as such, returns depend on the amount and timing of investor capital contributions. To the extent a fund uses borrowed funds in advance of, or in lieu of calling capital, investors make correspondingly later or smaller capital contributions. Accordingly, fund-level borrowing results in higher investor gross and net metrics than if capital had been called, even after taking into account the associated interest expense of the borrowing.

The values of unrealized investments are estimated as of December 31, 2023 are inherently uncertain and subject to change. There is no guarantee that such value will be ultimately realized by an investment or that such value reflects the actual value of the investment. Actual realized proceeds on unrealized investments will depend on, among other factors, future operating costs, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations reflected in the historical performance data contained herein are based. Accordingly, the actual realized proceeds on these unrealized investments may differ materially from the returns indicated herein and there can be no assurance that these values will ultimately be realized upon disposition of investments. Different methods of valuing investments and calculating returns may also provide materially different results.

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Additional information is available upon request.

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