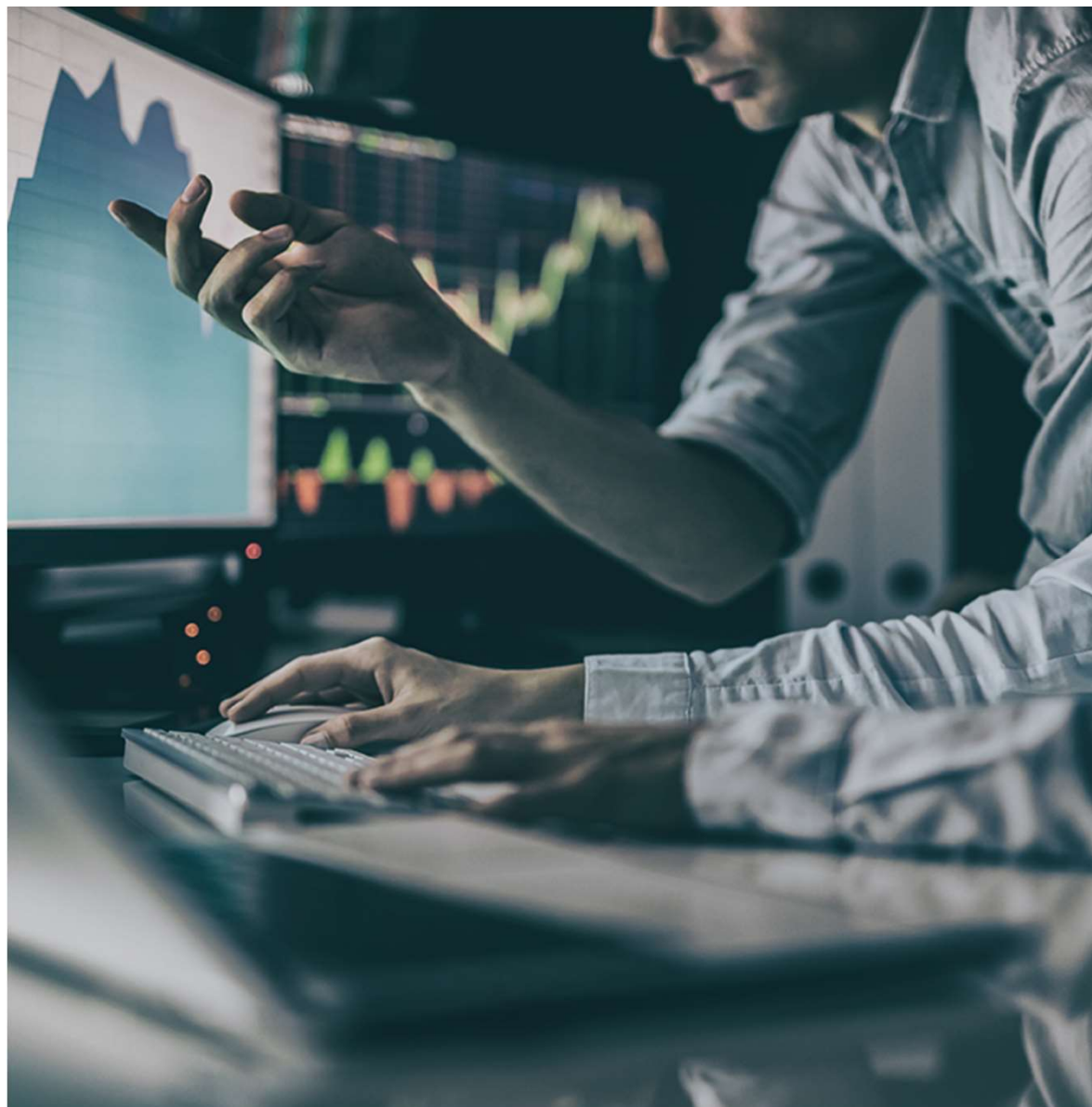




Investment Platforms & Financial Advisors in Brazil

For additional information, please read carefully
the notice at the end of this presentation





1

BTG Pactual digital is a startup inside the bank with focus on user experience and investments to clients from retail, high income retail or even wealthy clients in Brazil and Latam.

2

The open architecture offering is delivered through B2B and B2C channels leveraging on technology.



BTG Pactual digital

Main Pillars

1 Open
Architecture

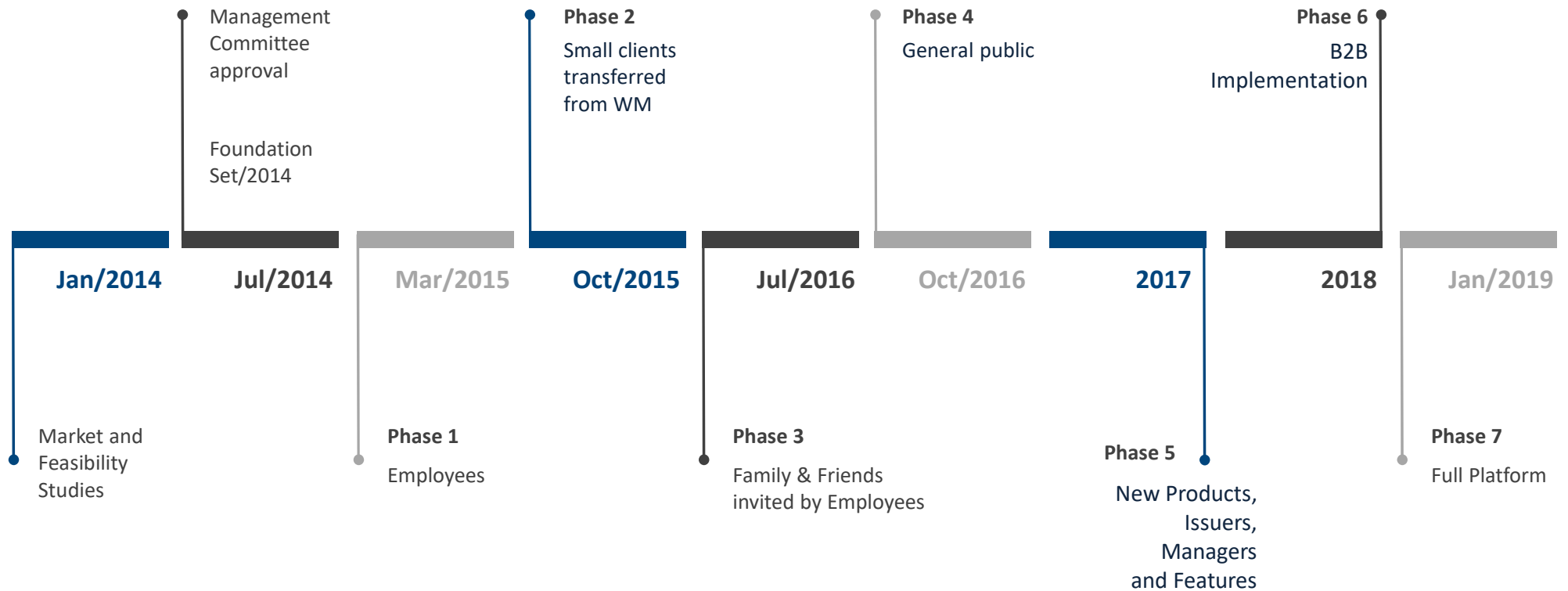
3 B2B
Short Term trend

2 Digital
Onboarding

4 B2C
Long Term Trend

BTG Pactual digital

Roadmap – 5 years



Internet Bubble

Late 90's in Brazil



- Investment platform founded in Argentina with operations in 8 countries;
- Sold to Santander for US\$ 585 mi in 2000;
- Shuttled down in 2002.



- JV between Banco do Brasil (49%) and Deutsche Bank (51%) founded in 2001 operating in Brasil, Mexico and Argentina;
- R\$ 200 MM negative P&L for BB in two years – closed in 2004.



- Investment platform launched in Brazil;
- Banco Bozano Simonsen invested R\$ 50mi in 1999;
- Sold to Unibanco for R\$ 30mi in 2002;

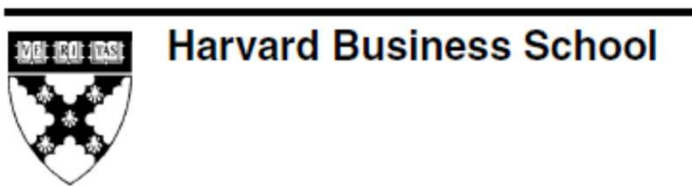
INVESTA

- Investment platform founded by Banco Fator in 2000 as Lineinvest;
- Acquired by Itaú in 2000.

ECONOFINANCE

- Investment Platform launched in 1999;
- In 2001, Banif acquired 85% and rebranded to Banif Investimentos.

Case Studies in USA



STANFORD
GRADUATE SCHOOL OF BUSINESS



Richard Ivey School of Business
The University of Western Ontario



Case Studies in USA

**Retail Financial Services in 1998:
Merrill Lynch**

ING Direct:

Redefining Direct Banking

Retail Financial Services in 1998

The Vanguard Group, Inc. in 2015: Celebrating 40

ING AND GLOBAL FINANCIAL INTEGRATION

BANKING ON SOCIAL MEDIA (A)

**THE CHARLES SCHWAB CORPORATION IN 2007:
FIXING AND REDEFINING THE CORE BUSINESS**

**Retail Financial Services in 1998:
Fidelity Investments**

*What you don't own can hurt you.
-Robert C. Pozen, President, Fidelity Management & Research Corp.*

**Retail Financial Services in 1998:
First Union**

We're Building Customers For Life. -First Union slogan

**The Power of Designing
Products for Customers
You Don't Have Yet**

ING BANK OF CANADA (B): THE FIRST TWO YEARS

**From Wall Street to Main Street: Morgan Stanley,
Dean Witter, Discover & Co.**

Cutting through the Fog: Finding a Future with Fintech

The CEO of Tangerine (formerly ING Direct Canada) tells Rotman Accounting Professor Francesco Bova how he leveraged diversity of thought to give the big banks a run for their money.

Morgan Stanley Dean Witter Private Client Services

Case Studies in USA

A Matrixed Approach to Designing IT Governance

Charles Schwab Corporation (A)

The Wealthfront Generation

Vanguard Inc.:

Value Innovation in the Mutual Funds Business

How to Disrupt Financial Services

The Vanguard Group, Inc. in 2006 and Target Retirement Funds

Exchange-Traded Funds at Vanguard

**Retail Financial Services in 1998:
Charles Schwab**

We want to skate where the puck is going to be. -Charles Schwab

The Vanguard Group, Inc. (1998)

**Retail Financial Services in 1998:
Travelers**

One helluva candy store. -Sanford I. Weill, Co-Chairman and Co-CEO of Citigroup, On the melded Travelers and Citicorp

Charles Schwab & Co., Inc.: The “Talk to Chuck” Advertising Campaign

ING Direct, A Growing Success Story

Insights - Interest Rates, Technology, Financial Education and IFAs or RIAs.

Main Players in US and Brazil



- Investment banks

- Online Platforms (B2C)

- Retail Banks

- Online Platforms (B2B)


- Independent Fund Managers





- Digital Banks

- Fund Managers with Online Platform




- Robo-advisors

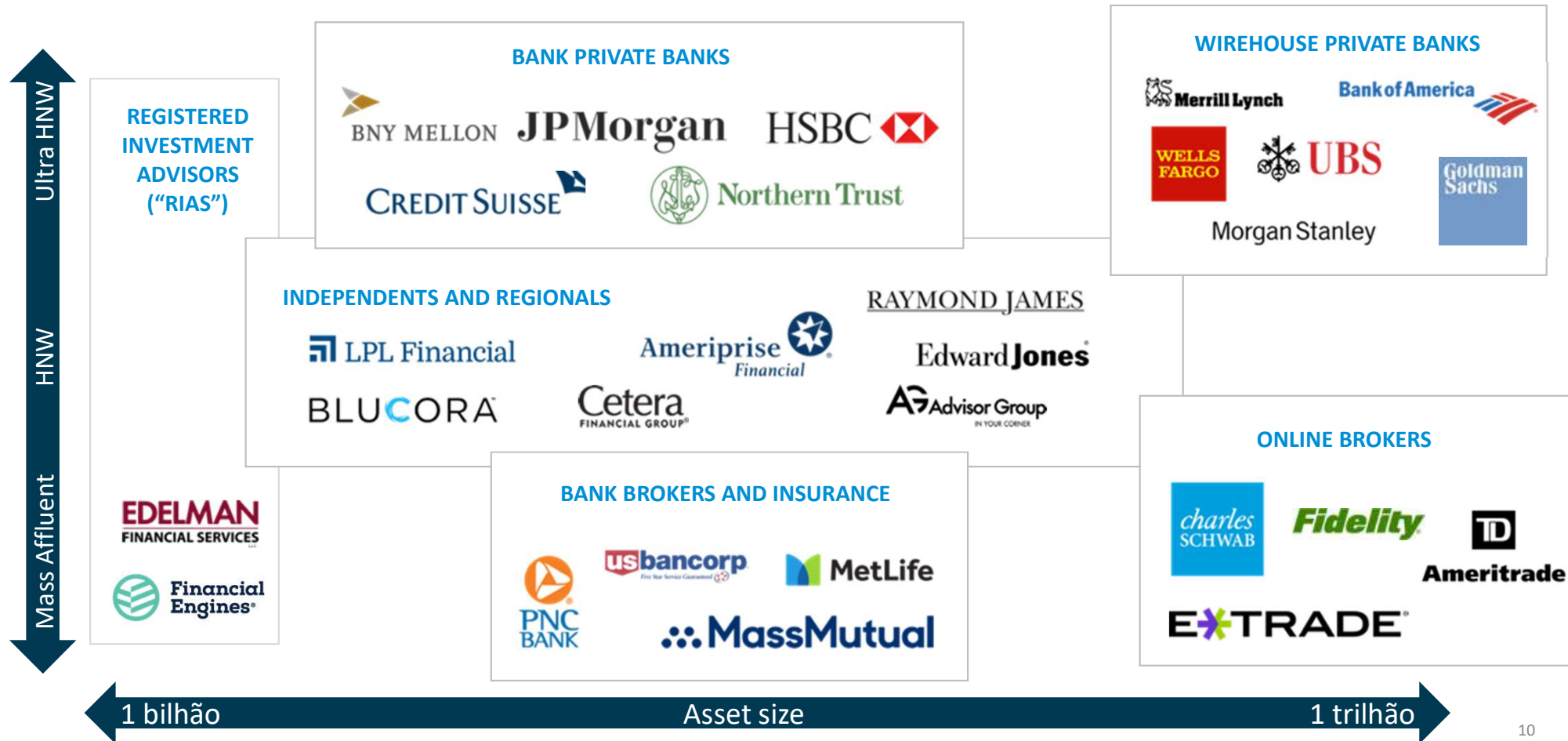
 


- Registered Independent Advisors




US Market Segmentation



Digital Revolution

Less can be more



Founded in 2009, became the biggest transport company of the world **WITHOUT** cars.

Market Cap
U\$59 Bn



Founded in 2004, the most famous social media platform **WITHOUT** produce any content

Market Cap
U\$523 Bn



Founded in 1994, the most disruptive and one of the biggest retail stores of the world **WITHOUT** any physical stores

Market Cap
U\$889 Bn



Founded in 2008, the biggest accommodation provider **WITHOUT** any real estate property

Market Cap
U\$35 Bn



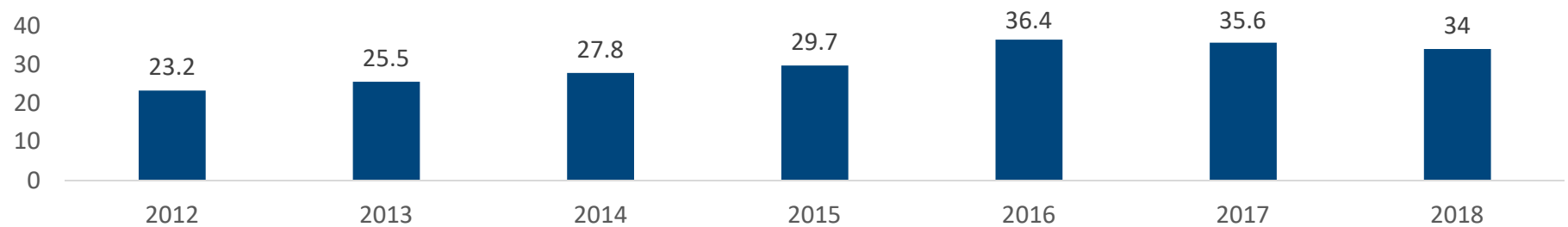
Founded in 1997, the biggest streamer of TV and sitcoms of the world **WITHOUT** any affiliates

Market Cap
U\$135 Bn

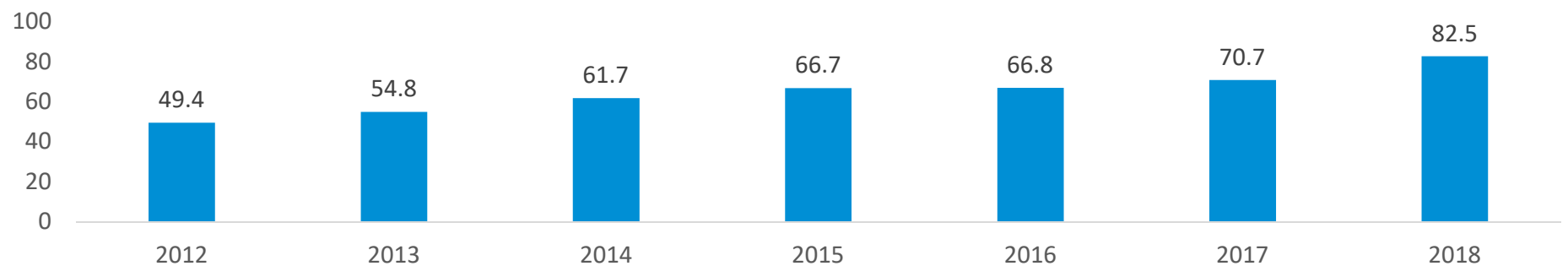
The asset-light trend is a good news for the B2C but it takes time.

US Market – The Power of B2B

RIA's Clients Evolution (millions)

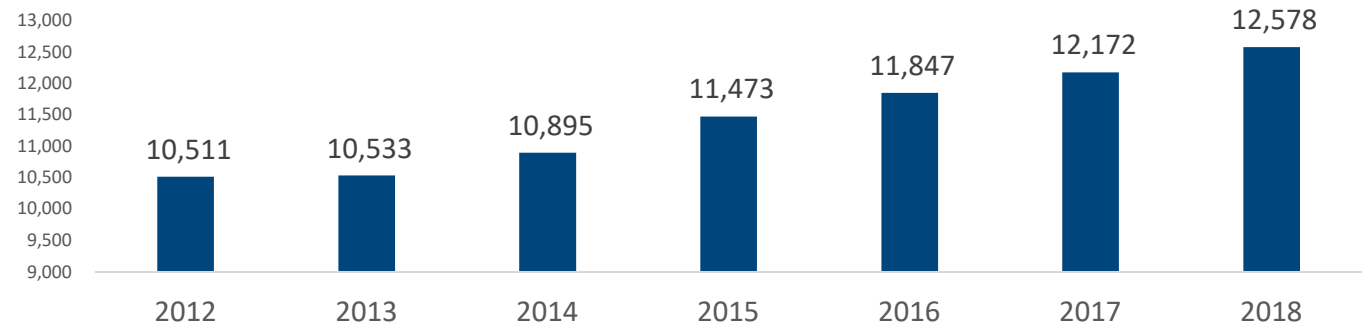


RIA's AuC Evolution (USD trillions)



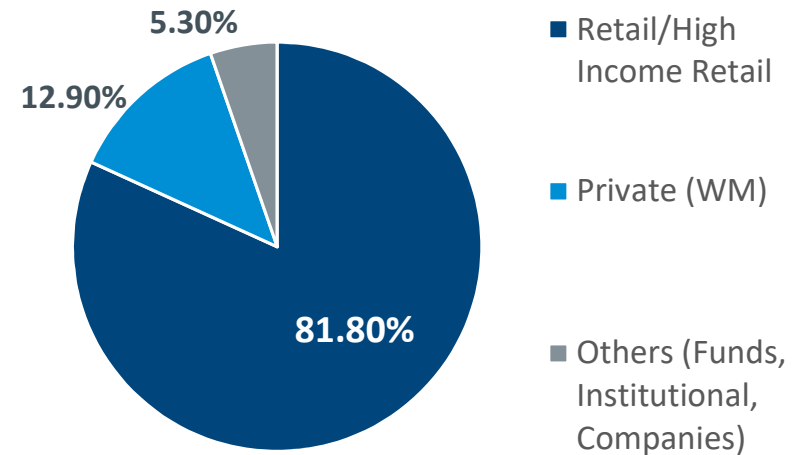
US Market – The Power of B2B

Evolution of RIAs offices in US

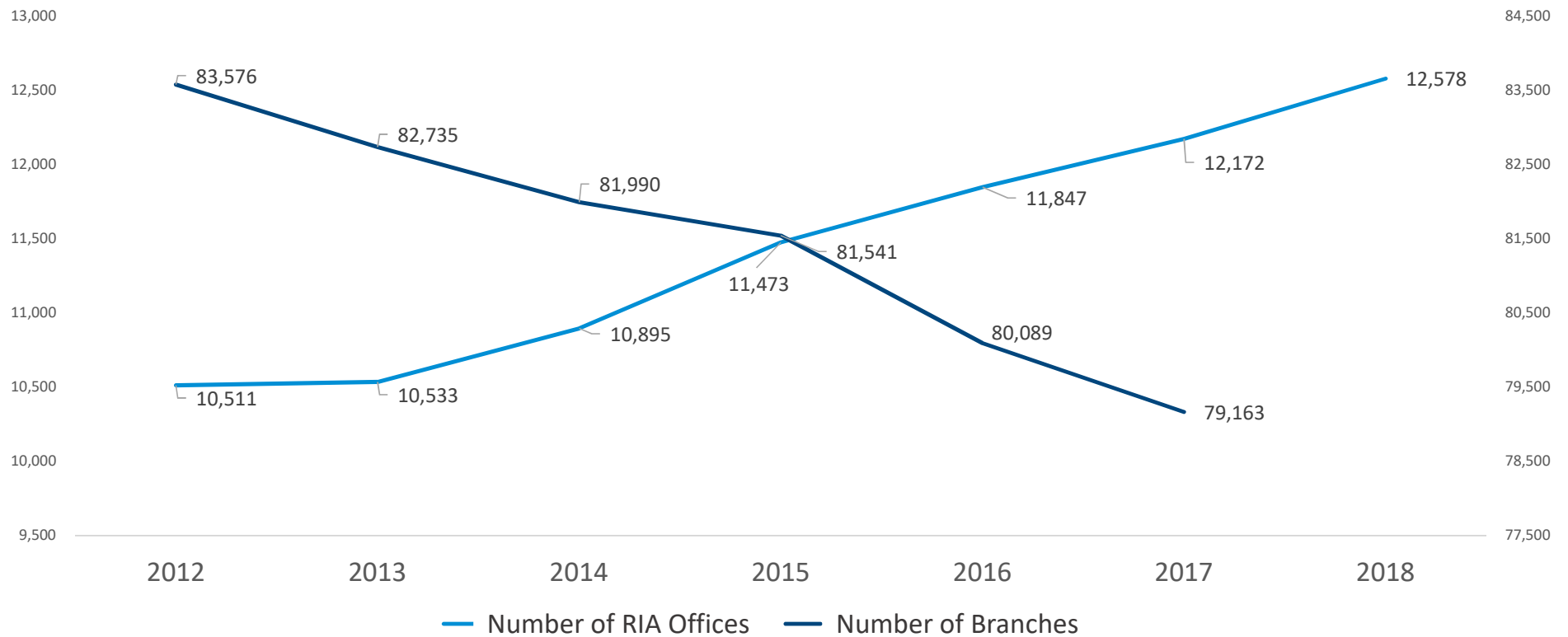


- **805k** employees, with **415k** dedicated to advisory activities
- **15k new individual RIAs in 2018**

Customer Profile



RIAs vs. Bank Branches in the USA

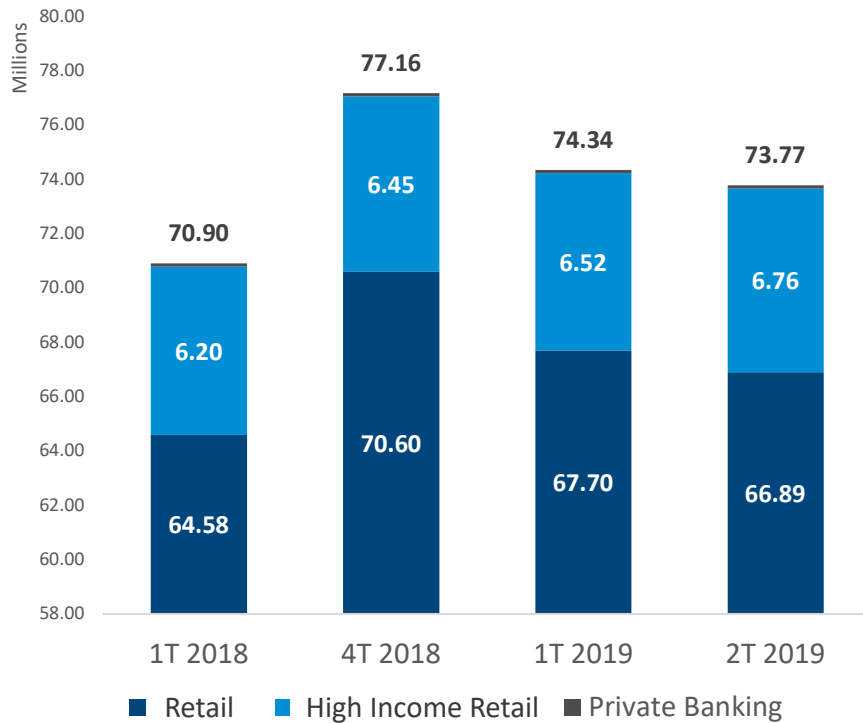


RIAs growth increases 3% a.a., even with the robo advisors while broker dealers reduces 1.1% a.a.

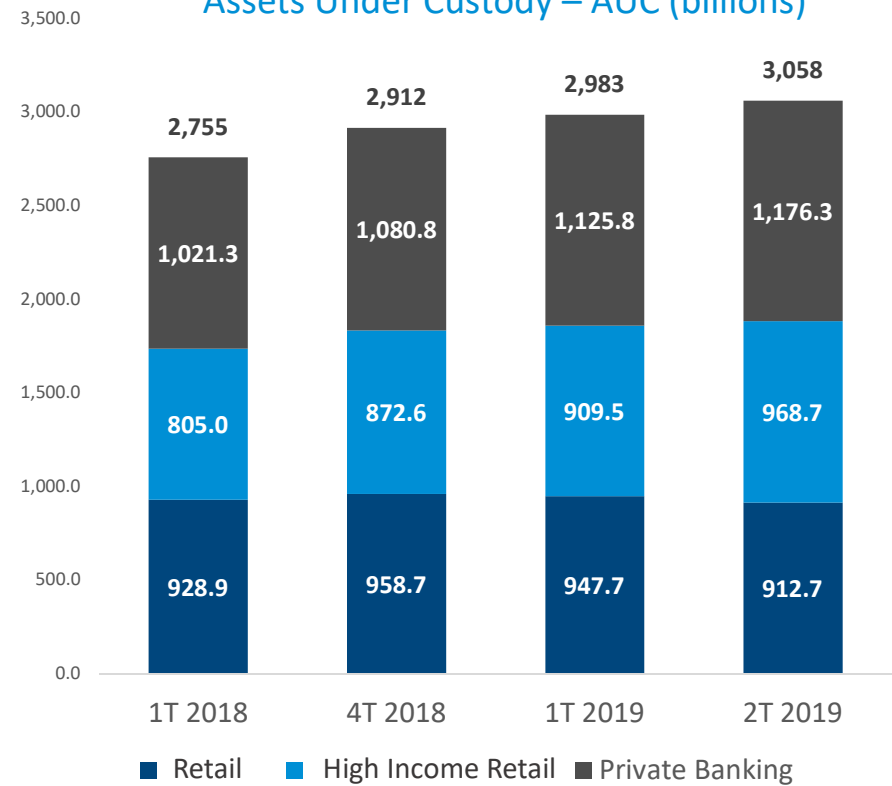
Brazilian Investment Industry

The big opportunity

Number of Accounts (millions)



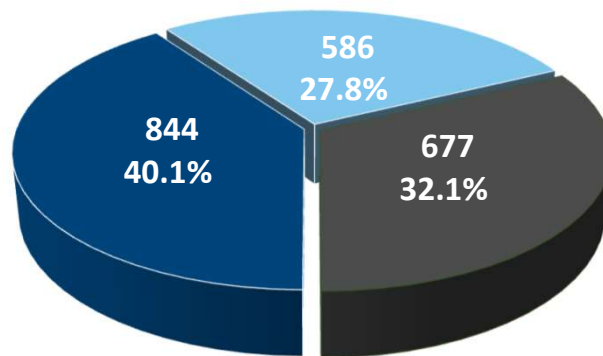
Assets Under Custody – AUC (billions)



Brazilian Investment Industry

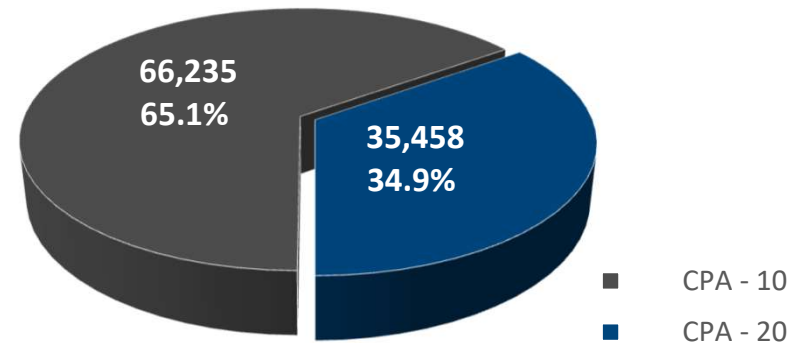
The Next Agentes Autônomos

**- Private Banking
Certified Professionals
2,107**



■ Bankers ■ Assistants ■ Others

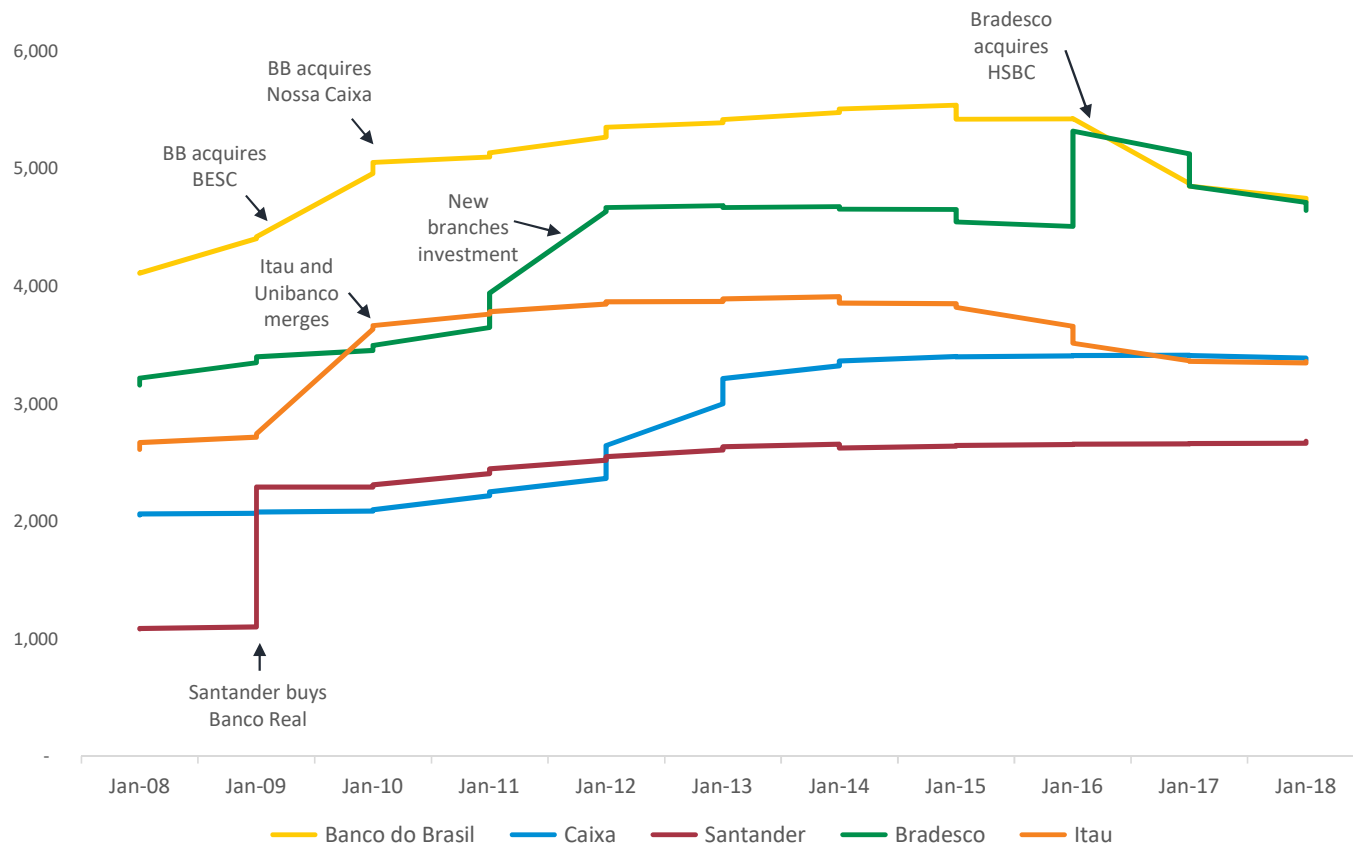
**- Retail Branches
Certified Professionals
101.693**



■ CPA - 10
■ CPA - 20

Brazilian Banking Industry

Branches Evolution



Dec/2018:

# Branches	Institution
4,770	Banco do Brasil
4,745	Bradesco
3,394	Caixa Econômica
3,339	Itaú Unibanco
2,656	Santander
537	Banco do Estado do RS
315	Banco do Nordeste
1,306	Outros
21,062	Total



Our Competitors in Brazil

Excited market



Foundation 2014
Digital since 2014
Recent Deal N/A
Valuation N/A



Foundation 2001
Digital since 2009
Recent Deal taú, 2017 (50%)
Valuation R\$ 12 bi



Foundation 2001
Digital rebrand 2011
Recent Deal XP, 2016 (100%)
Valuation R\$ 380 mio



Foundation 2011
Digital since 2011
Recent Deal Globo, 2017 (20%)
Valuation N/A



Foundation 1993
Digital since 2005
Recent Deal Bradesco, 2008 (100%)
Valuation R\$ 840 mio



Foundation 2012
Digital since 2011
Recent Deal Geração Futuro, 2012 (100%)
Valuation R\$ 150 mio



Foundation 1995
Digital rebrand 2013
Recent Deal Safdié, 2014 (100%)
Valuation N/A



Foundation 2011
Digital rebrand 2011
Recent Deal Advent, 2017 (50%)
Valuation R\$ 460 mio



Foundation 2011
Digital since 2011
Recent Deal XP, 2014 (100%)
Valuation R\$ 90 mio



Foundation 1967
Digital rebrand 2013
Recent Deal Fosun, 2017 (80%)
Valuation R\$ 400 mio

Inspite of all the hype, more than 93% of the Wealth of Brazilian Families are still being invested in 5 big retail players.

Source: Publicly available information

Open Architecture - Brazil

Investment Funds per Platform

	Jan-18	Jul-18	Jan-19	Jul-19
Órama	144	165	191	411
BTG Pactual	62	84	258	356
XP	265	258	295	345
Modal	61	120	215	272
Genial	112	118	140	179
Guide	101	118	115	136
Easynvest	74	79	74	111

Fund Managers per Platform

	Jan-18	Jul-18	Jan-19	Jul-19
Órama	85	101	116	167
BTG Pactual	24	53	133	140
Modal	33	89	113	118
XP	91	98	103	107
Genial	63	67	82	88
Guide	57	70	74	73
Easynvest	49	50	54	61

Open Architecture - Brazil

Certificate of Deposits

-

Bank Issuers per Platform

BTG Pactual	42
Easynvest	41
XP	37
Genial	34
Modal	31
Órama	31
Guide	29

Corporate Bonds

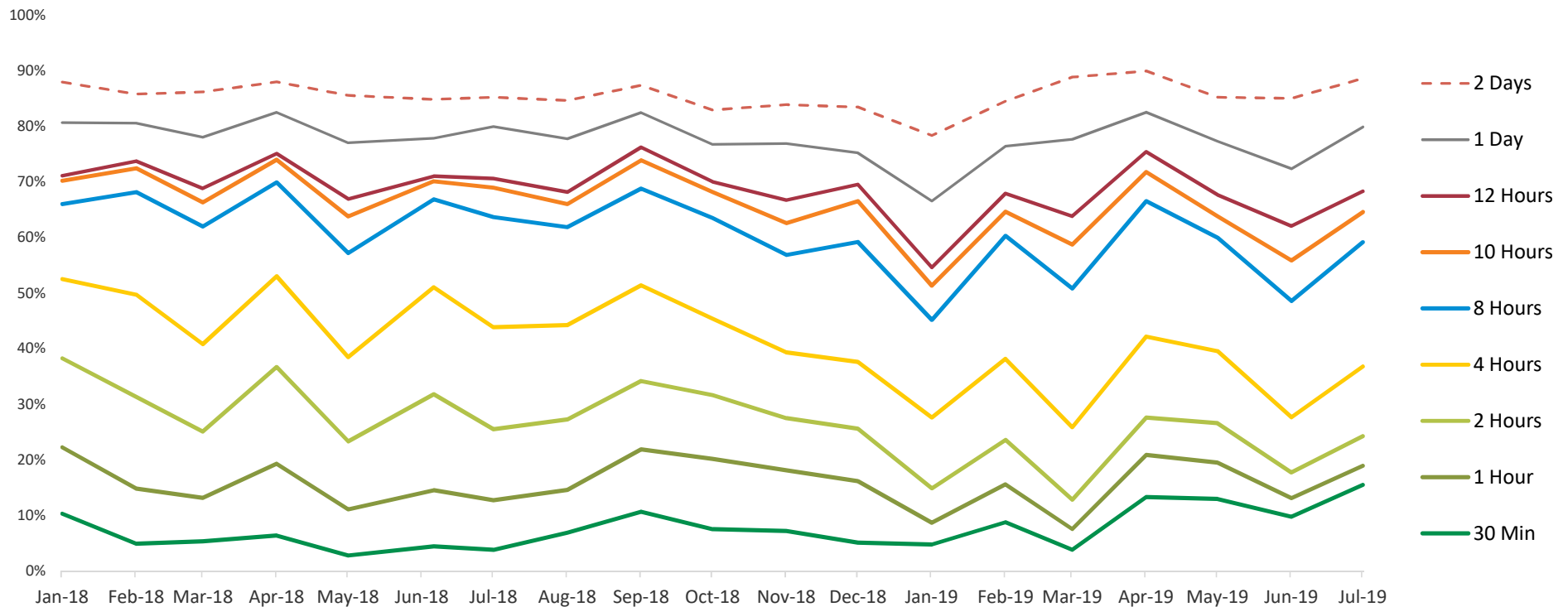
-

Companies Issuers per Platform

XP	29
Genial	28
Easynvest	25
Órama	23
BTG Pactual	22
Guide	22
Modal	21

BTG Pactual digital - Onboarding

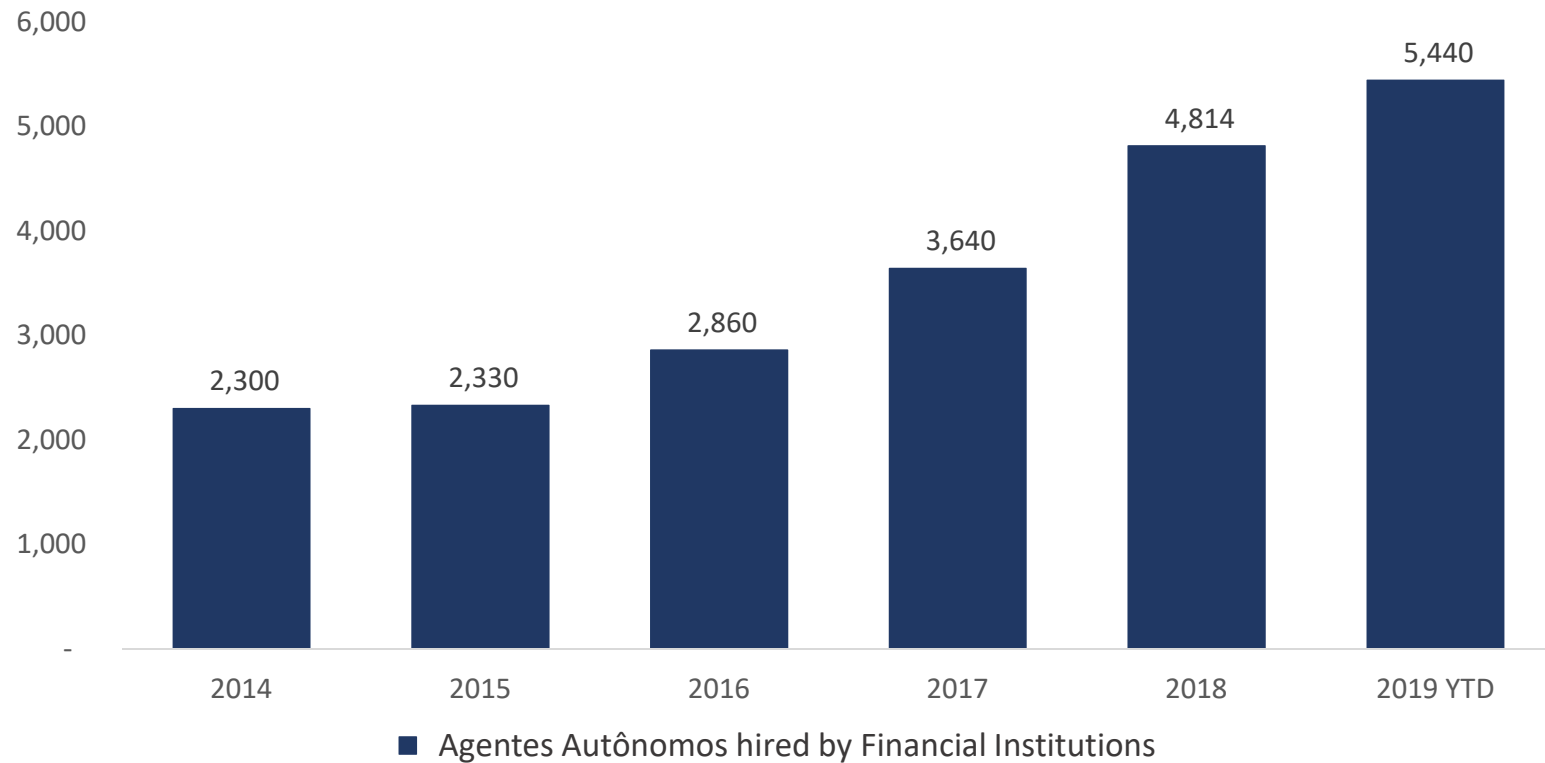
% of opened accounts per time interval



80% of accounts opened in less than 24 hours
40% of accounts opened in less than 4 hours

Agentes Autônomos - Brazil

Number of Individual IFAs



Agente Autônomo

Brazilian regulation

How do they operate?

The *Agente Autônomo* is a professional registered by CVM (Comissão de Valores Mobiliários) which performs the following activities, always associated to a financial institution:

- I. Prospecting new clients
- II. Receiving and registering orders
- III. Providing information about products and services offered by the financial institution

Agentes Autônomos

Regulatory Exclusivity	Required for Corporate Bonds and Equities only
Answer Questions	Allowed
Define Asset Allocation	Prohibited
Compensation Model	Rebates paid by the Financial Institution



Agente Autônomo

Average Profile

Qualification:

- Mostly graduated in Business, Economics and Engineering;

Certificates:

- Ancord certification – mandatory by CVM

Professional Experience:

- Private bankers
- Retail branches

Regulatory Framework

Exclusivity

- Exclusivity with only one financial institution¹ to distribute Corporate Bonds and Equities

Portability

Average time to transfer assets:

- Funds: 8 days
- Fixed Income, Corporate Bonds and Equities: 2 days

Next Steps:

- CVM is re-evaluating the regulatory exclusivity created in 2011/ 2012.