

VALAR



Valar Ventures

Formed in 2010

Spun out of Thiel Capital in 2013

Based in New York City

Raising Fund 4, targeting \$100M-\$150M

Anticipated closing December 2017

An aerial photograph of a rugged mountain range, likely the Alps, with a jet streaking across the sky from the top center towards the bottom left. The sky is a clear, pale blue, and the mountains are covered in green and brown vegetation, with some snow patches. The overall tone is professional and aspirational.

THESIS

We invest in **high margin, fast growing** technology companies that are pursuing **huge market opportunities.**

Stage

We lead Series A and Series B investments (valuations between \$20M - \$100M).

We keep significant reserves to follow-on in our best companies.



Cost basis by stage:

- Series A
- Series B
- Seed
- Later follow-ons

Sector

We focus on high-margin businesses operating in massive addressable markets.

Examples: Fintech, Software, Marketplaces



Cost basis by sector:

- Fintech
- Software
- Marketplaces
- Other

Geography

The majority of our companies are based in the United States and Europe.



Cost basis by geography:

- US & Canada
- Europe
- Australia/New Zealand
- Other

Results

Fund	Inception	Capital Commitments	Current FMV	Gross/Net Multiples	Gross/Net IRRs	DPI	% of Fund Invested/Reserved
Fund 1	Oct 2010	\$100.0M	\$411.8M	4.3x / 3.4x	43.7% / 36.3%	1.2x	100%
Fund 2	Jan 2015	\$102.3M	\$139.5M	1.6x / 1.3x	36.2% / 27.9%	N/A	100%
Fund 3	Jul 2016	\$103.9M	\$94.8M	1.4x / 1.3x	208.5% / 146.8%	N/A	90%

As used throughout this presentation, “Fund 1” refers to all funds and investment vehicles managed by Valar Ventures Management LLC prior to the formation of Valar Global Fund 2, on an aggregate basis. “Fund 2” refers to Valar Global Fund 2 LP and Valar Global Principals Fund 2 LP, on an aggregate basis, and “Fund 3” refers to Valar Global Fund 3 LP and Valar Global Principals Fund 3 LP, on an aggregate basis. All figures presented are unaudited estimates in USD as of 6/30/2017, including signed deals that are expected to close in Q3. Gross figures do not include the impact of fees, expenses and carry, and net figures are calculated by reducing gross investment profits by a flat 25% for hypothetical management fees, expenses, and carry.

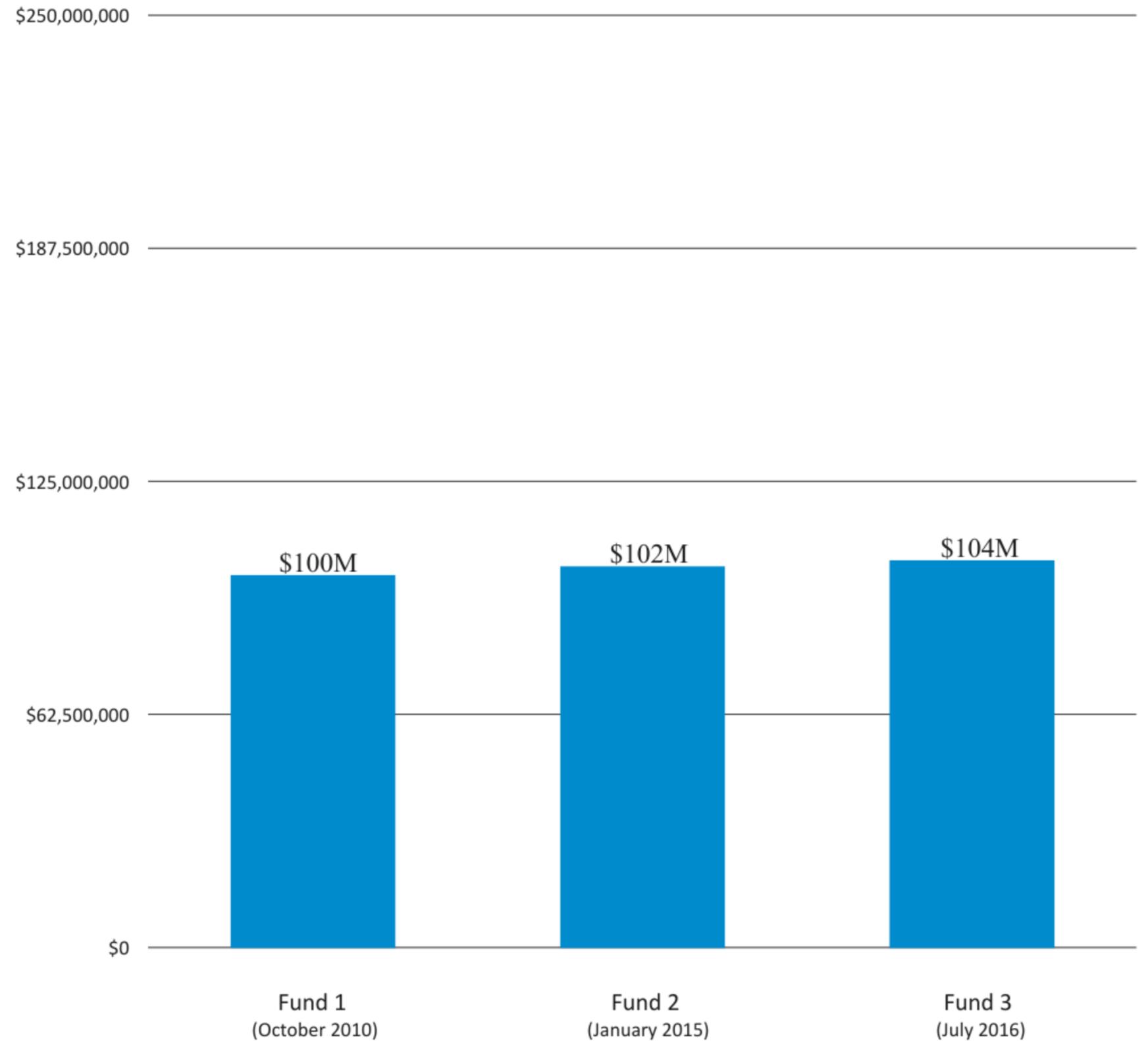
**Why is
our strategy
working?**

A photograph of a modern, multi-story building with a light-colored, textured facade. The building features a grid of windows and balconies, with some balconies having glass railings. The lighting is soft, suggesting an overcast day or early morning/late afternoon. The overall aesthetic is clean and architectural.

Portfolio Construction

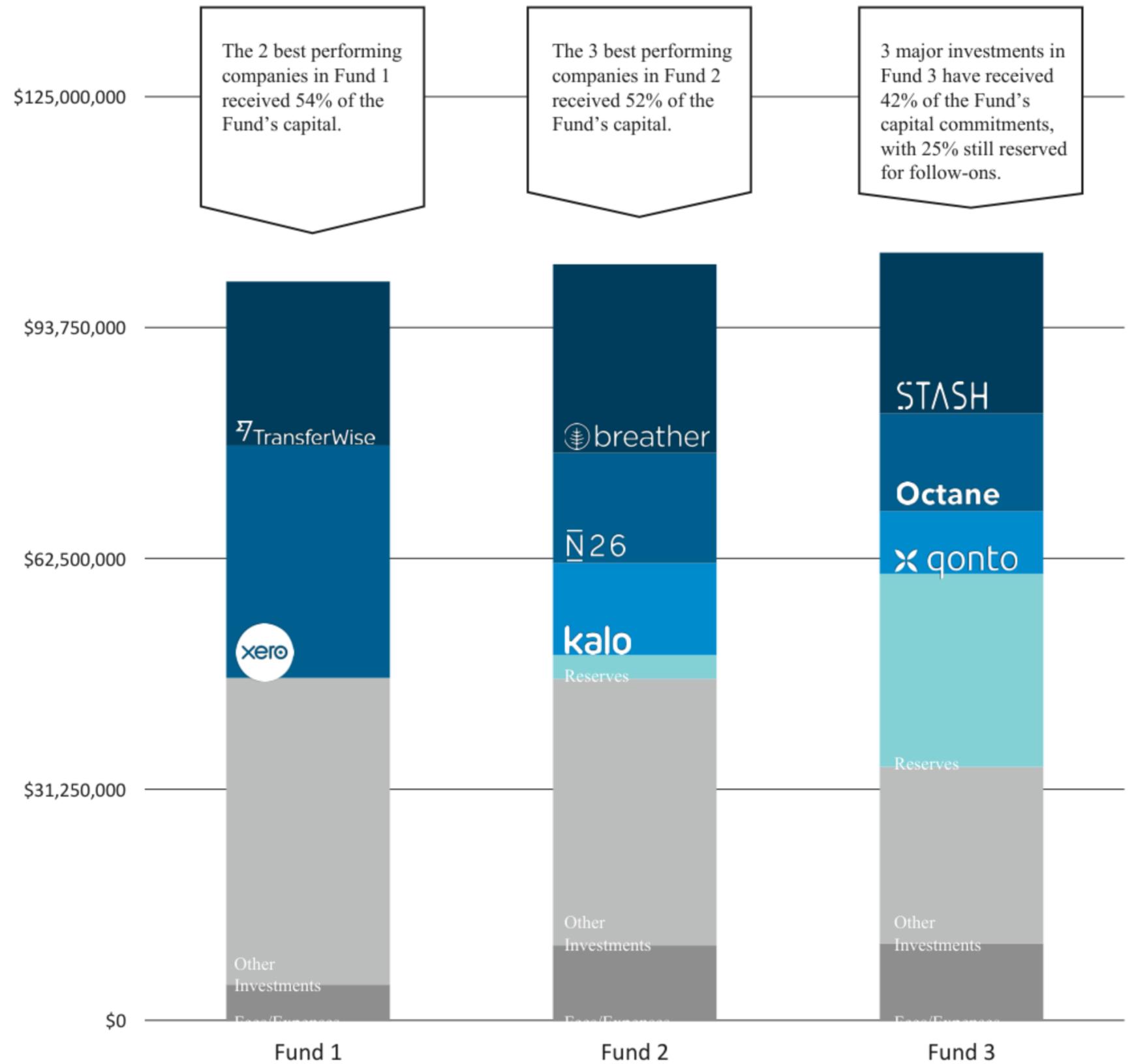
We've kept our funds small.

The first funds raised by Union Square Ventures, Founders Fund, FirstMark, IA Ventures and Foundry Group had average capital commitments of \$129M. These funds were among the best performing early-stage funds of the last decade.

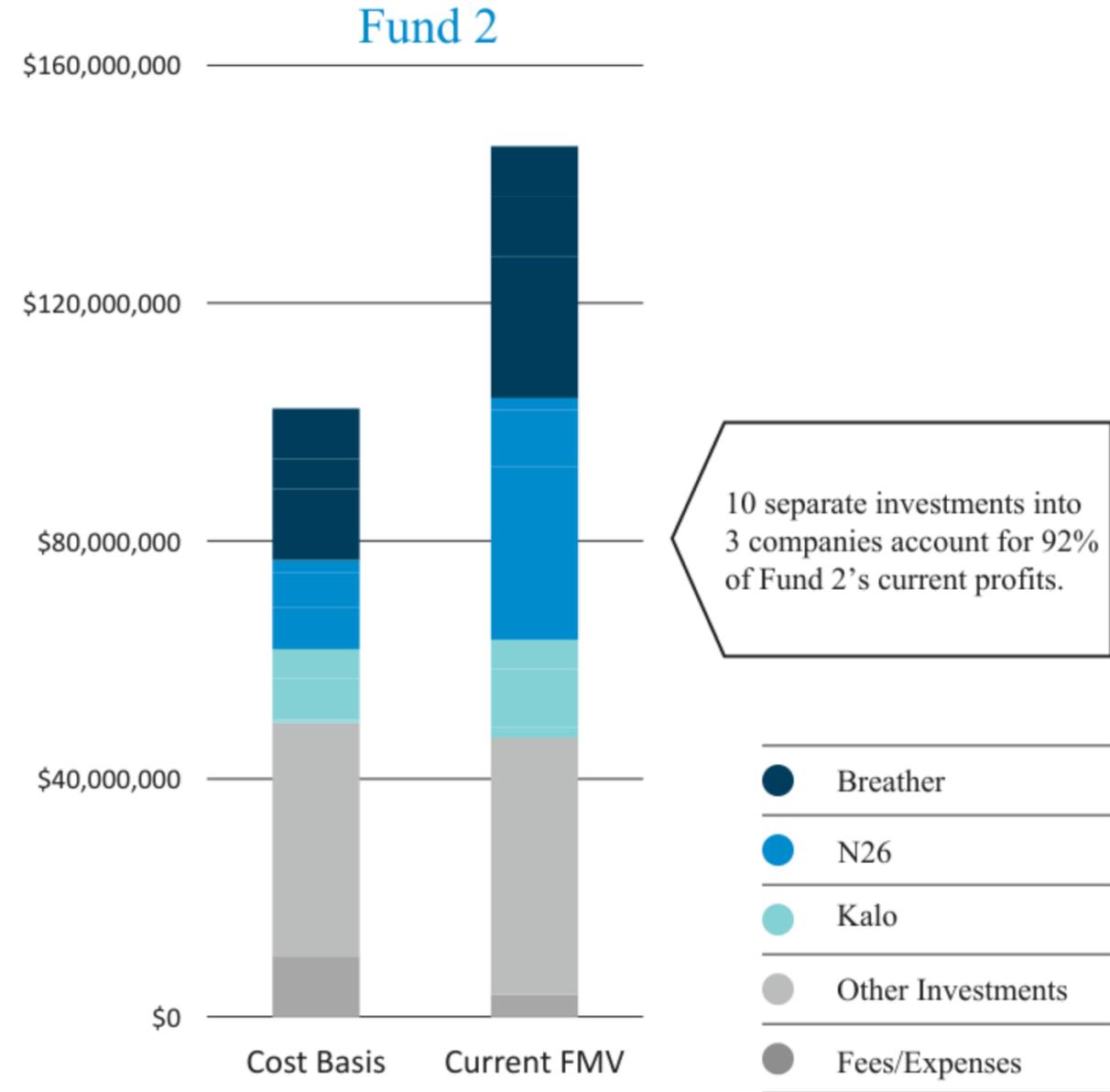
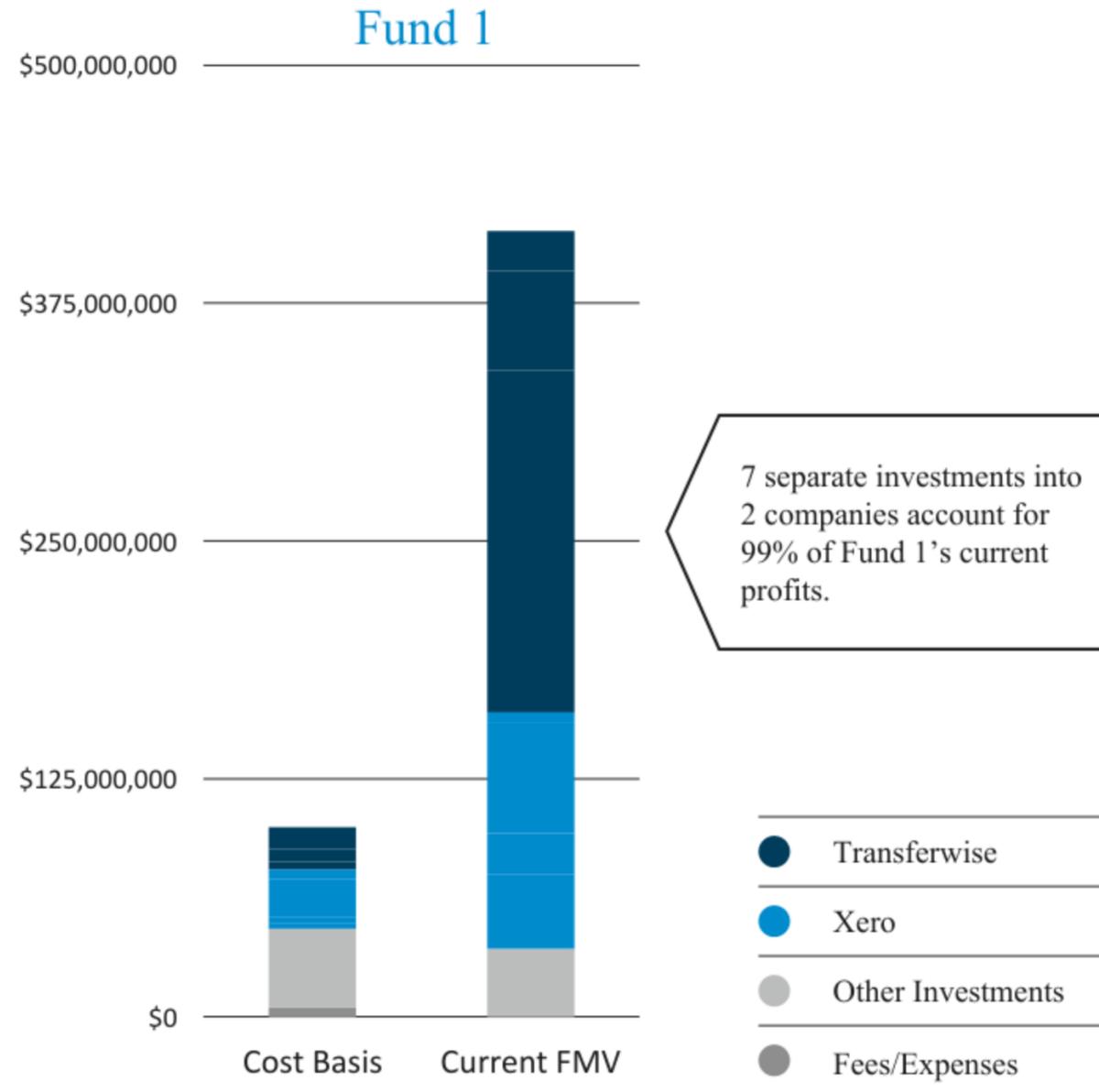


We believe in concentration.

Only 6-8 core investments in each fund, with 50%+ of each fund invested in the best 2-3 companies.



We follow-on heavily in our winners.



**High Concentration + Aggressive Follow-Ons + Small Funds =
Any single company can return a fund multiple times over.**

Fund 1	Fund Ownership	Required Exit Valuation to Return the Fund	Current Valuation	Current Contribution to Fund Multiple
 xero	6.7%	\$1.5B	\$2.0B	1.3x
 TransferWise	15.2%	\$651M	\$1.7B	2.6x
Fund 2				
 breather	16.8%	\$609M	\$252M	0.4x
 26	13.5%	\$758M	\$302M	0.4x
 kalo	23.5%	\$435M	\$70M	0.2x
Fund 3				
 STASH	18.4%	\$565M	\$253M	0.4x
 Octane	16.2%	\$642M	\$83M	0.1x
 qonto	22.2%	\$468M	\$48M	0.1x



Premium Network & Brand

Pre- Investment:

Our network and brand generate high quality Deal Flow and Access.

Sources of Deal Flow:

VALAR / THIEL NETWORK

TransferWise
STASH
kalo
Octane
COYA

LOCAL FUNDS

qonto
granify
EyeEm

IN-HOUSE RESEARCH

breather
N26
Jetty



Post- Investment:

Our network and brand help provide a **Bridge to Growth Capital**.

Sources of Deal Flow:

VALAR/THIEL NETWORK

TransferWise
STASH
kalo
Octane
COYA

LOCAL FUNDS

qonto
granify
EyeEm

IN-HOUSE RESEARCH

breather
N26
Jetty



Follow-On Investors:

TransferWise → a16z
IVP

xero → Accel
Matrix Capital

N26 → Horizons
Battery

breather → Menlo
Google Ventures

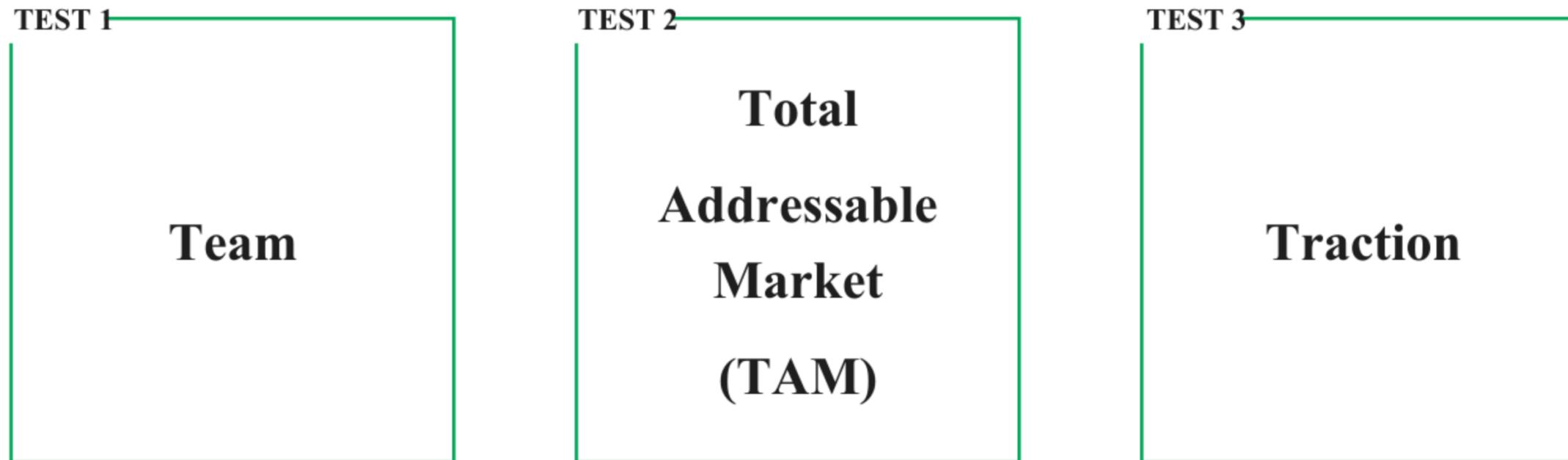
STASH → Coatue
Jim Breyer

kalo → SciFi VC
(Max Levchin)

Investment Discipline

Strict Investment Discipline

All investments must pass 3 key tests:



← Most investment opportunities fail the TAM test →



Willing to Travel

"MAVERICK"

Great tech companies are being started in lots of places.

Our New York base allows us to:

- Avoid Silicon Valley bias
- Identify and work with companies anywhere – from SF to Berlin – at a much earlier stage than Bay Area firms.
- Compare opportunities across geographies.

We are only looking for global winners but we don't presume they will all be in California.





The Right Team Structure

We operate like a highly-focused “Special Ops” team, purpose-built to outflank other VCs

Our team is deliberately small: Andrew and James are the Investment Committee and meet the companies together. There are no “Monday morning meetings” or partner politics. We can make decisions in real time. We also sit on the boards together, eliminating horse trading over remaining reserves in follow-on rounds.

RESULT: We are solely returns focused and can move faster than anyone else in the business.



Founding Partners

[James Fitzgerald](#)

Skadden, Clarium, Thiel Capital

[Andrew McCormack](#)

Yahoo!, PayPal, Clarium, Thiel Capital



Fund 4 Terms

Raising: \$100M-\$150M

Management Fee: 2.5%/year (subject to step-down)

Carry: 20% scaling to 25%/30% at 3x/6x net to investors

Fund Life: 10 years

Investment Period: 5 years

Minimum Investor Commitment: \$5M

Due Date for Executed Sub Docs: Dec. 2017 (Jan. 2018 vintage fund)

Appendix 1:

Portfolio Companies



Xero is a leading cloud-based accounting software provider with over 1 million SMB customers across the globe. Xero is listed on both the NZX and ASX under the ticker symbol XRO.

Headquarters:	Auckland
Valar Cost Basis:	\$31.4M
Current FMV:	\$124.3
Gross Multiple:	4.0x
Date of Initial Investment:	October 2010
Pre-Money Valuation at Initial Investment:	\$98.8M
Company Valuation at Time of Exit:	\$2.0B
Other Key Investors:	Accel, Matrix Capital, Fidelity, Blackstone, TCV

TransferWise

TransferWise is a peer-to-peer currency exchange service that brings institutional pricing to retail customers by coordinating transfer needs within countries.

Headquarters:	London
Valar Cost Basis:	\$22.2M
Current FMV:	\$252.7M
Gross Multiple:	11.4x
Date of Initial Investment:	January 2013
Pre-Money Valuation at Initial Investment:	\$20M
Current Company Valuation:	\$1.7B
Other Key Investors:	IA Ventures, Andreessen-Horowitz, IVP



Breather operates a network of private, professional meeting rooms designed for work, meetings and to focus.

Headquarters:	New York City & Montreal
Valar Cost Basis:	\$25.5M
Current FMV:	\$42.3M
Gross Multiple:	1.7x
Date of Initial Investment:	September 2015
Pre-Money Valuation at Initial Investment:	\$80.0M
Current Company Valuation:	\$252.1M
Other Key Investors:	RRE, Menlo Ventures, Google Ventures

N26

N26 is a new European bank focused on building an innovative mobile-first banking experience.

Headquarters:	Berlin
Valar Cost Basis:	\$14.9M
Current FMV:	\$40.6M
Gross Multiple:	2.7x
Date of Initial Investment:	April 2015
Pre-Money Valuation at Initial Investment:	€38M
Current Company Valuation:	€265M
Other Key Investors	Earlybird, Horizons Ventures, Battery Ventures

kalo

Businesses increasingly rely on external workforces of freelancers and contractors, often without an effective way to keep track of them. Kalo (formerly Lystable) provides an elegant platform to simplify every step of these workers – from onboarding to internal reviews to payment.

Headquarters:	London & San Francisco
Valar Cost Basis:	\$12.4M
Current FMV:	\$16.5
Gross Multiple:	1.3x
Date of Initial Investment:	May 2015
Pre-Money Valuation at Initial Investment:	\$7.5M
Current Company Valuation:	\$70M
Other Key Investors:	Kindred, Goldcrest, SciFi VC (Max Levchin)

EyeEm

EyeEm is a marketplace for commercial photography. The company's highly engaged user base and machine-curated image library provide a more valuable sourcing channel for commercial clients than traditional stock photography databases.

Headquarters:	Berlin
Valar Cost Basis:	\$10.4M
Current FMV:	\$11.1M (change due to FX)
Gross Multiple:	1.1x
Date of Initial Investment:	April 2015
Pre-Money Valuation at Initial Investment:	€44.0M
Current Company Valuation:	€55.8M
Other Key Investors:	Earlybird Capital, Wellington Partners

Even

Even is a financial app that ensures hourly workers always get at least their average pay. By offering consistency, Even helps its customers save more and avoid expensive payday lenders.

Headquarters:	Oakland
Valar Cost Basis:	\$4.5M
Current FMV:	\$4.5M
Gross Multiple:	1.0x
Date of Initial Investment:	March 2016
Pre-Money Valuation at Initial Investment:	\$28M
Current Company Valuation:	\$37M
Other Key Investors:	Khosla Ventures, BoxGroup, Allen & Company

granify

Granify maximizes revenue for online retailers by identifying shoppers that aren't going to buy and changing their mind — while they're still on the site — by harnessing the power of real-time data analytics and machine learning.

Headquarters:	Edmonton & Austin
Valar Cost Basis:	\$7.5M
Current FMV:	\$8.7M
Gross Multiple:	1.2x
Date of Initial Investment:	May 2015
Pre-Money Valuation at Initial Investment:	\$5M
Current Company Valuation:	\$32M
Other Key Investors:	iNovia Capital, BDC

TRADEIT™

TradeIt facilitates quick and secure online stock trading through any website or app.

Headquarters:	New York City
Valar Cost Basis:	\$3.7M
Current FMV:	\$4.6M
Gross Multiple:	1.2x
Date of Initial Investment:	April 2015
Pre-Money Valuation at Initial Investment:	\$3.2M
Current Company Valuation:	\$23M
Other Key Investors:	Citi Ventures, Sandy Robertson, Point72



Homie is a peer-to-peer marketplace that is disintermediating the real estate brokerage commission model. By leveraging technology and taking the transaction process online, Homie makes FSBO a real option for sellers and saves home buyers thousands of dollars.

Headquarters:	Salt Lake City
Valar Cost Basis:	\$2.8M
Current FMV:	\$2.8M
Gross Multiple:	1.0x
Date of Initial Investment:	March 2016
Pre-Money Valuation at Initial Investment:	\$15.9M
Current Company Valuation:	\$18.5M
Other Key Investors:	Peak Ventures, Kleiner Perkins

STASH

Stash is a community for people who want to start investing and who don't want to rely on a black box service to do it for them. Starting with as little as \$5, Stash investors build a portfolio of investments that aligns with their interests, beliefs and goals.

Headquarters:	New York City
Valar Cost Basis:	\$22.1M
Current FMV:	\$48.3M
Gross Multiple:	2.2x
Date of Initial Investment:	January 2016
Pre-Money Valuation at Initial Investment:	\$12.0M
Current Company Valuation:	\$252.6M
Other Key Investors:	Coatue Management, Goodwater, Jim Breyer

Octane

Octane Lending is a technology-enabled lender focused on secured consumer lending markets starting with powersports.

Headquarters:	New York City
Valar Cost Basis:	\$13.2M
Current FMV:	\$13.5M
Gross Multiple:	1.0x
Date of Initial Investment:	April 2017
Pre-Money Valuation at Initial Investment:	\$68.0M
Current Company Valuation:	\$83.1M
Other Key Investors:	IA Ventures, Contour Ventures, Third Prime Capital



Qonto is a next generation bank for entrepreneurs, SMEs and startups, providing an online service that allows businesses to create an account in less than five minutes.

Headquarters:	Paris
Valar Cost Basis:	\$8.4M
Current FMV:	\$10.6M
Gross Multiple:	1.3x
Date of Initial Investment:	September 2016
Pre-Money Valuation at Initial Investment:	€5.3M
Current Company Valuation:	€41.7M
Other Key Investors:	Alven Capital

Jetty

Jetty is a new kind of insurance company designed to help people in cities reach their goals faster by removing obstacles and risks. Its mission is to protect its customers against setbacks of all kinds, from fire and theft to wasted time and money.

Headquarters:	New York City
Valar Cost Basis:	\$8.1M
Current FMV:	\$8.1M
Gross Multiple:	1.0x
Dat of Initial Investment	July 2017
Pre-Money Valuation at Initial Investment:	\$31.0M
Current Company Valuation:	\$42.5M
Other Key Investors:	Ribbit Capital, BoxGroup, SV Angel



Coya is a full-stack European insurance challenger that will offer scalable protection at the point of need, with personalized predictive risk management and simple, transparent insurance designed to manage life's risks.

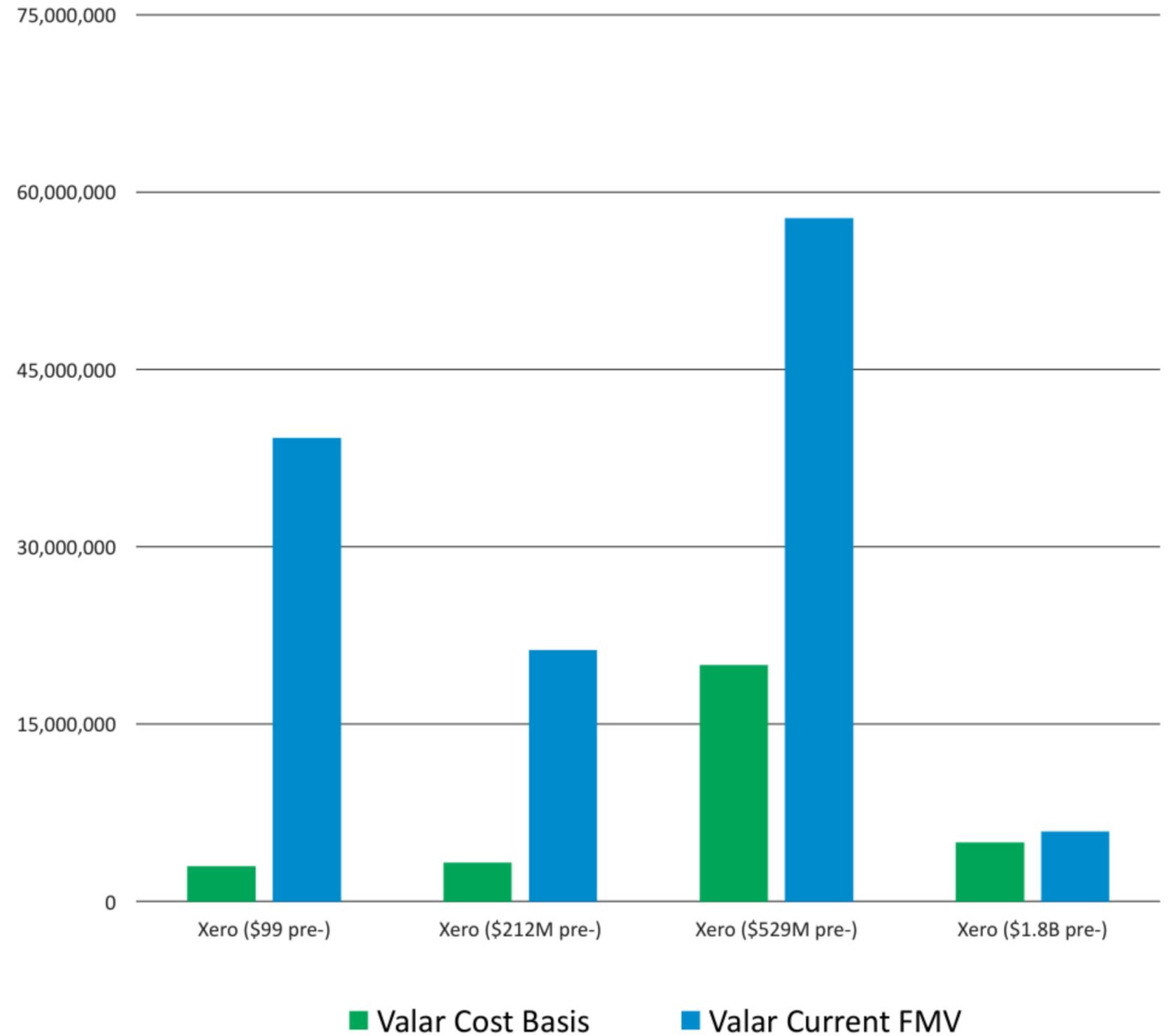
Headquarters:	Berlin
Valar Cost Basis:	\$6.3M
Current FMV:	\$6.3M
Gross Multiple:	1.0x
Dat of Initial Investment:	July 2017
Pre-Money Valuation at Initial Investment:	€19.8M
Current Company Valuation:	€27M
Other Key Investors:	E.ventures

Appendix 2:

Follow-On Analysis

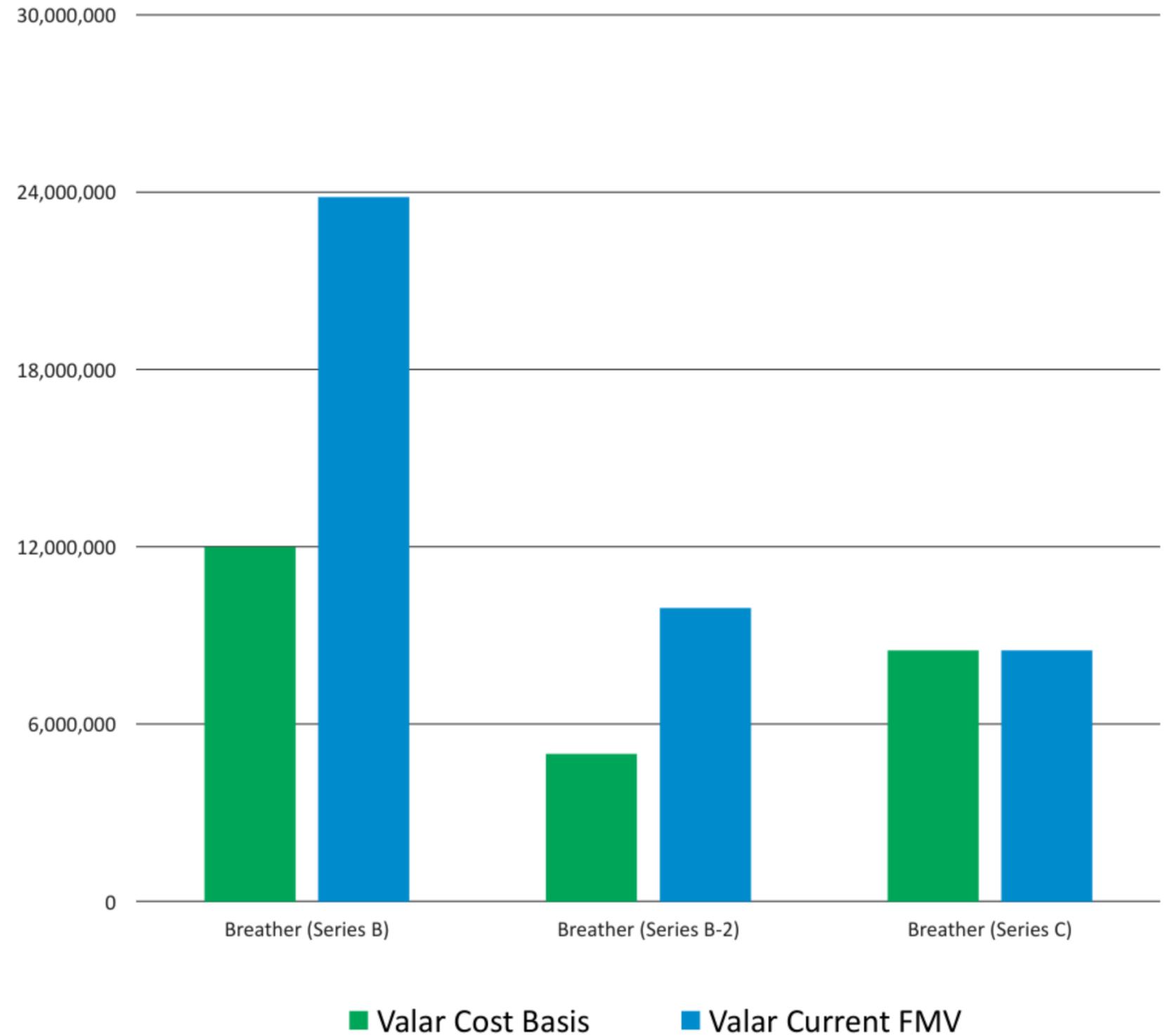


Over 60% of Fund 1's profits from Xero were attributable to Valar's follow-on investments.



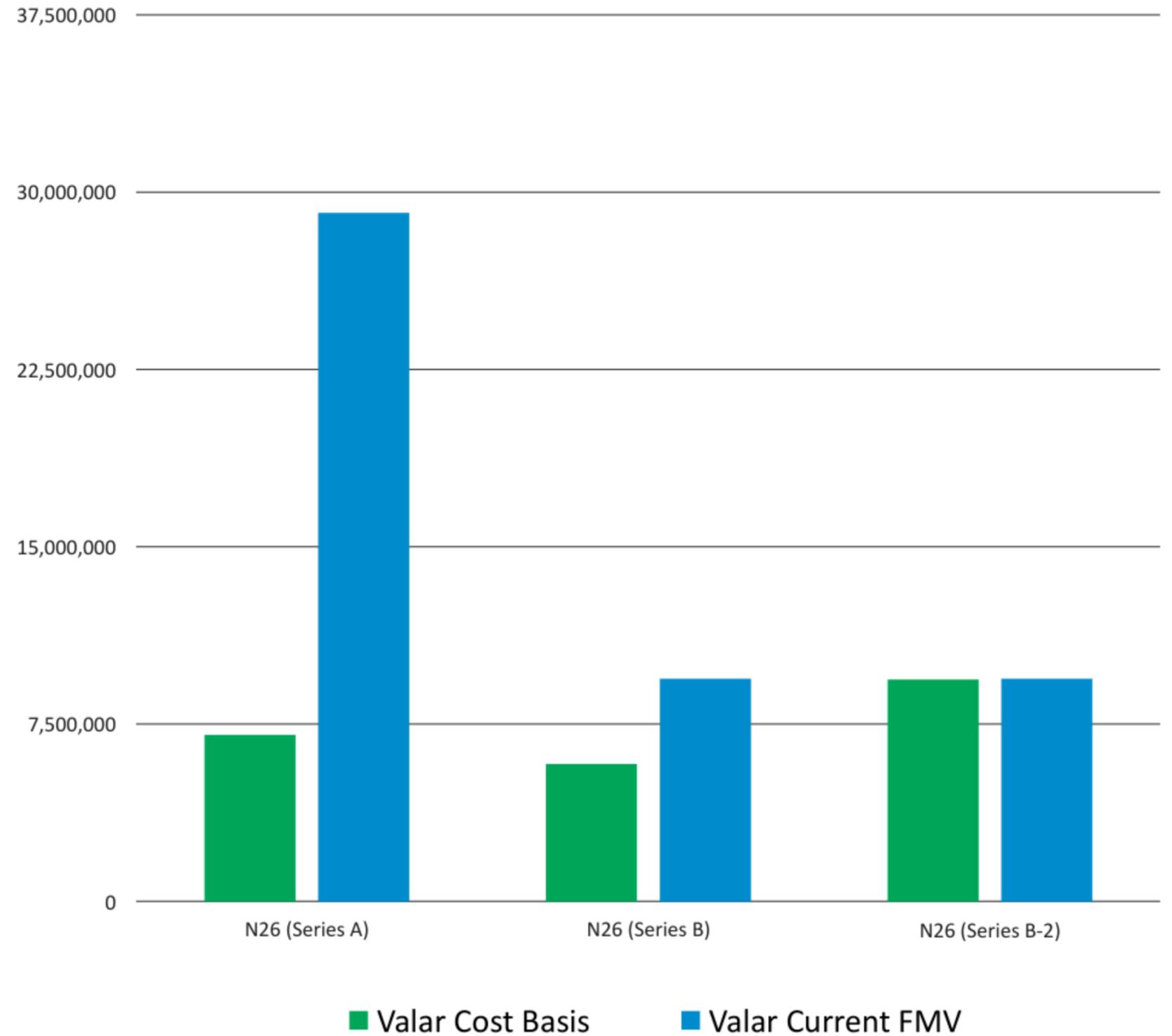


Over 40% of Valar's profits from Breather are expected to come from our follow-on investments in the Company.



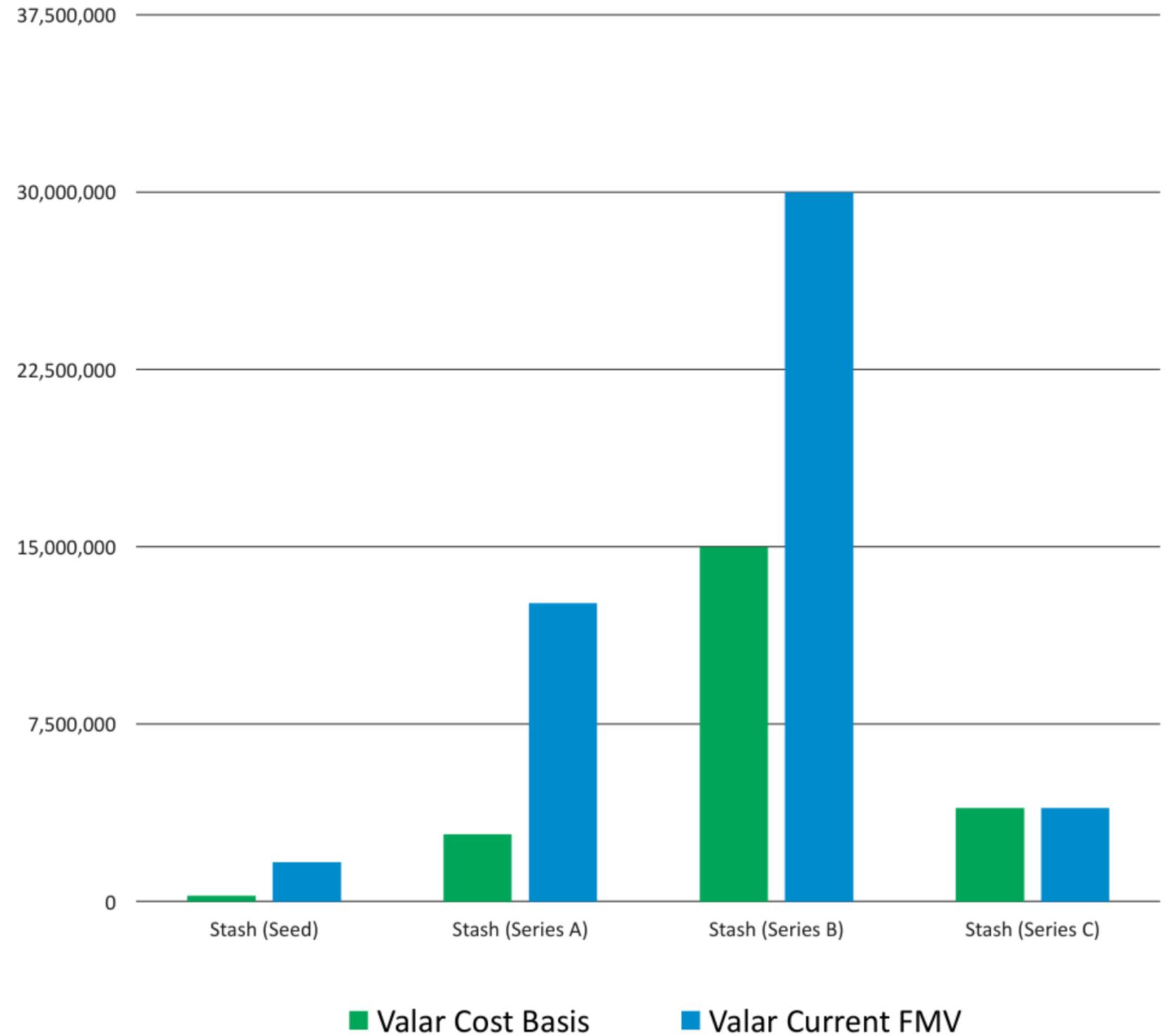
N26

And **nearly 40%** of Valar's profits on N26 will also be attributable to follow-on investments.



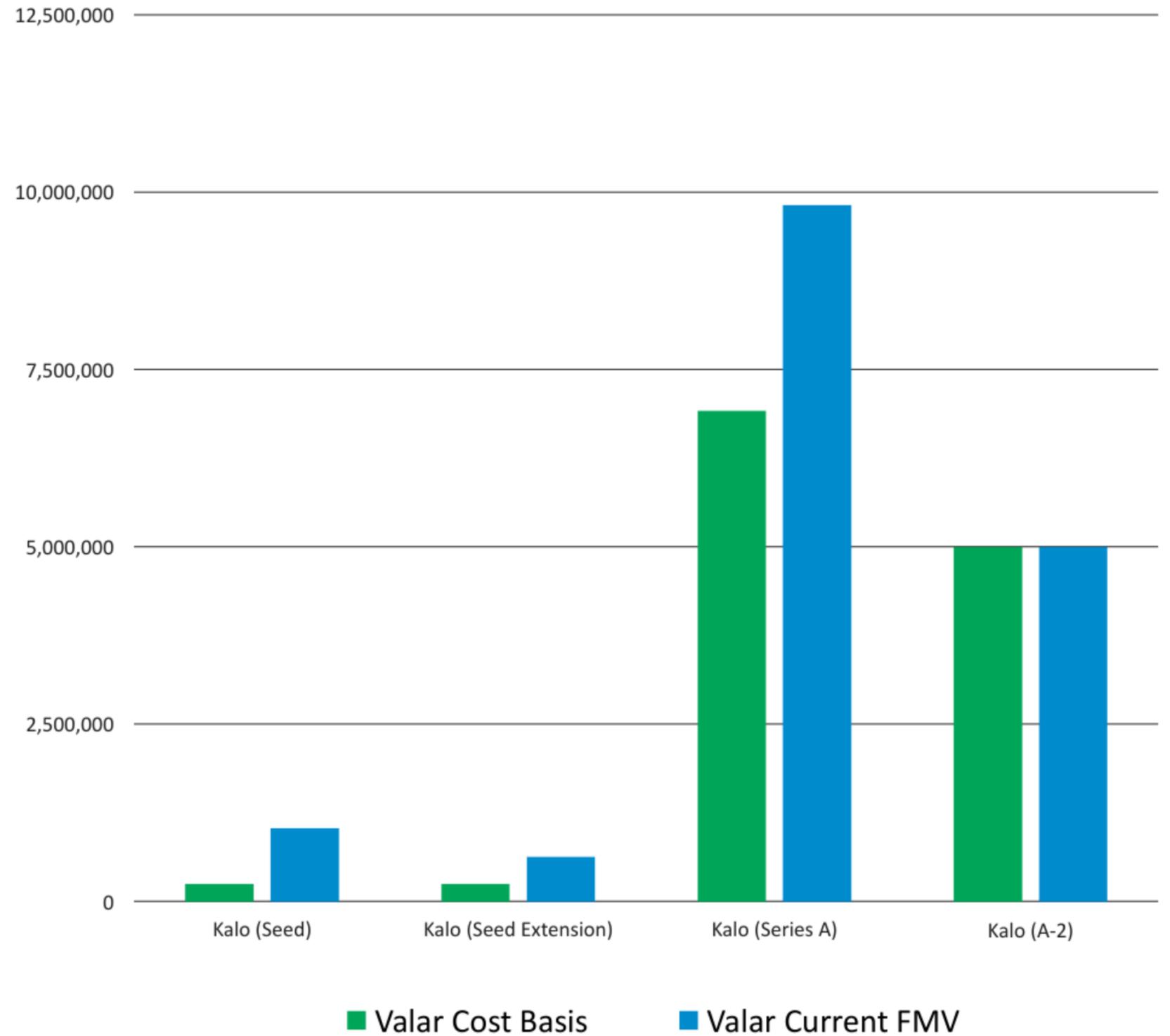
STASH

37% of Valar's profits from Stash are attributable to our second investment in the company and 57% from Valar's third investment.



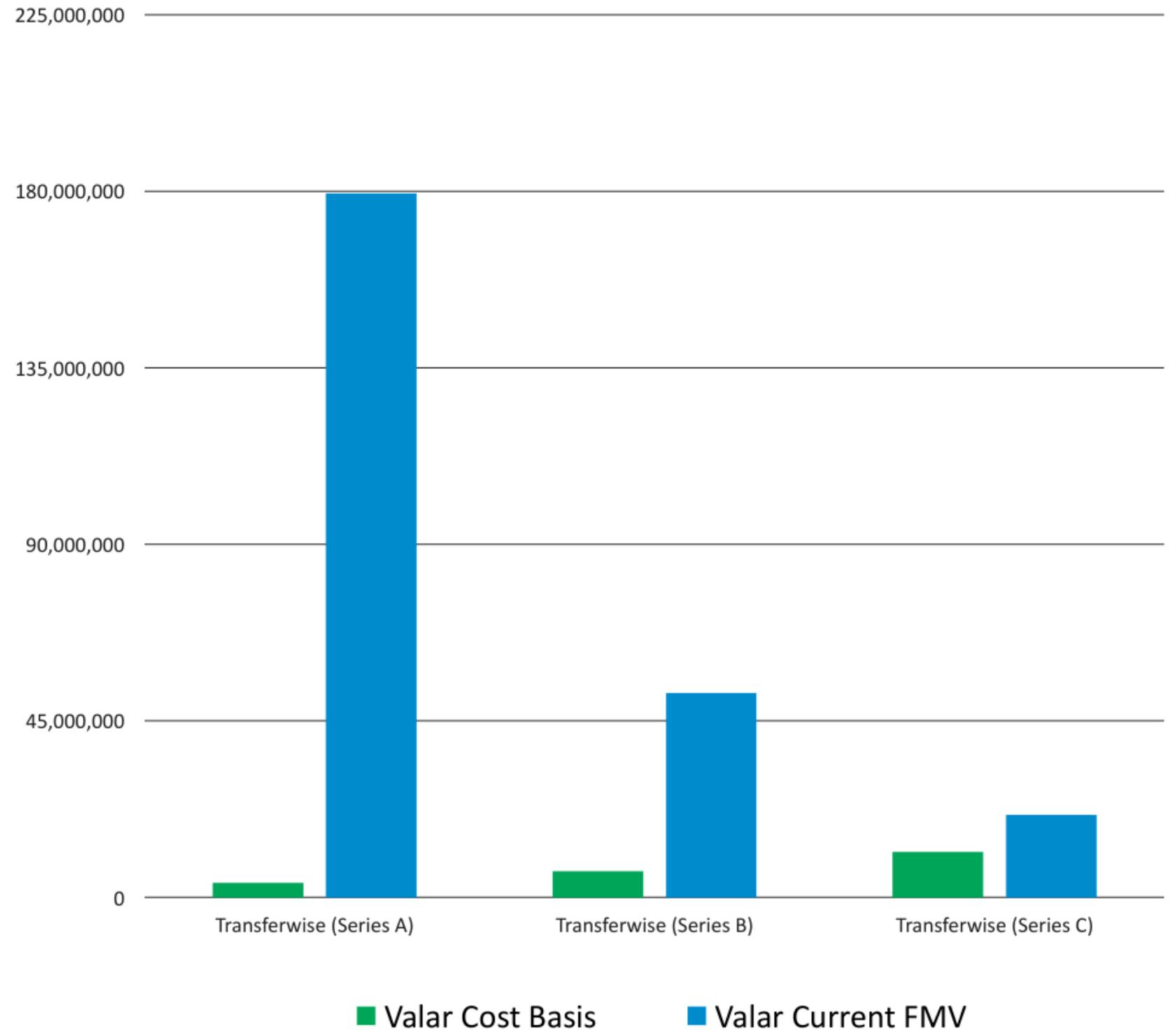
kalo

90% of our profits from Kalo will be attributable to our third and fourth investments into the company.



TransferWise

Finally, while only 24% of our current Transferwise profits are attributable to follow-on investments in the company, those additional investments are expected to add at least a full 1x to Fund 1's returns.



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