

KINNEVIK INVESTOR PRESENTATION



29 March 2016

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WHY DIGITAL ASSET MANAGEMENT

DIGITAL FINANCIAL SERVICES

- Money transfer
- Payments
- Asset management
- Consumer finance
- Banking
- Insurance
- ...



SELECTION CRITERIA

- Large market
- Important consumer need
- Regulatory tailwinds
- Fragmentation of supply
- Services model
- Fully digital delivery
- B2C and B2B2C channels
- Attractive economics

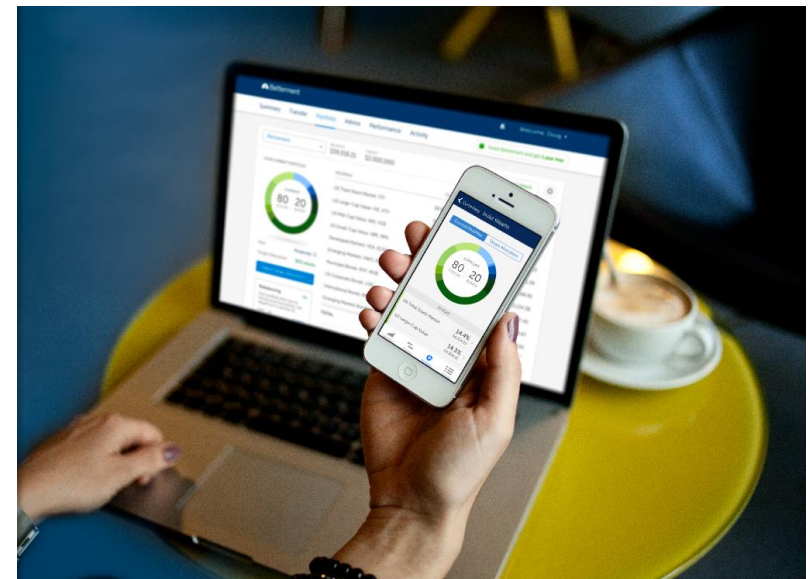
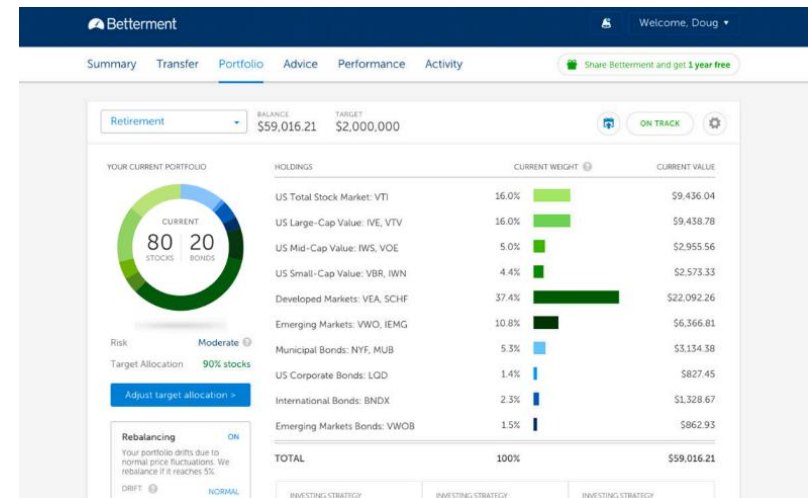


DIGITAL ASSET MANAGEMENT

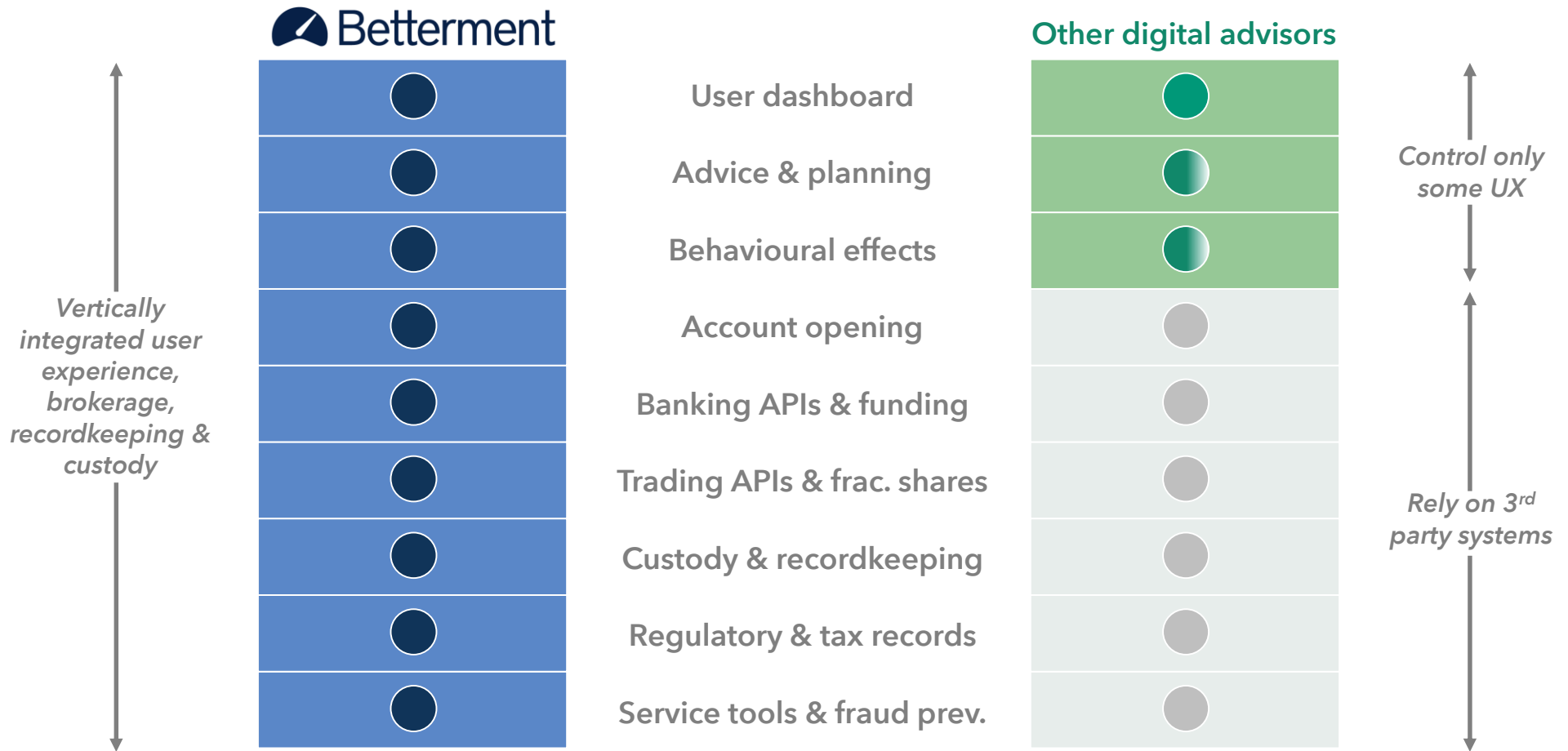
- Multi trillion USD market
- Majority of consumers underserved
- Regulatory focus on fiduciary advice
- Commoditisation of ETFs
- Technology-enabled platform
- Simple UI and UX
- Direct and via RIAs and 401(k)s
- High customer lifetime value
- Significant operating leverage

Digital asset management identified as priority sector, with Betterment as sector leader

- Entrepreneur led; founded in 2008, launched in 2010 now with a ~ 150 person team based in New York
- Targeting customers across wealth brackets; a pioneer in providing choice to the previously unadvised through technology and automation
- Personalized, goal based, customer-aligned advice
- Device agnostic platform with easy to use UI and UX and award-winning customer support
- Low cost structure for Retail customers with % fee on Assets under Management (<10kUSD in Assets with Betterment: 0.35%; 10-100kUSD: 0.25%; >100kUSD: 0.15%)
- Model aims to optimise returns at every level of risk
 - Portfolios of low-cost ETFs from leading providers
 - Fully automated portfolio rebalancing and tax loss harvesting
 - Tools to help you identify investment goals, how much to save, and how to stay on track
- Direct and via B2B2C channels
 - Retail offering for medium and long-term goals
 - 401(k) offering for workplace pension
 - Institutional offering for RIAs
- Pipeline of further products and services



BETTERMENT HAS A FULLY VERTICALLY INTEGRATED PLATFORM



Betterment has rebuilt the plumbing of financial services and is FINRA and SEC regulated

... THAT GIVES INVESTORS PERSONALISED, GOAL BASED ADVICE VIA AN EASY TO USE, INTUITIVE INTERFACE

Safety Net

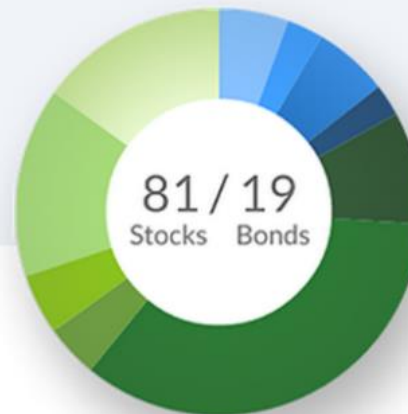
3 year horizon



This account is designed to ensure you have a prudent emergency fund on hand without giving up potential growth over time. The allocation is designed to manage volatility.

Retirement

15 year horizon



This is a long-term investment account. We offer both taxable and tax-advantaged retirement accounts. Our advice customizes an asset allocation and suggests a monthly deposit according to your retirement age.

Build Wealth

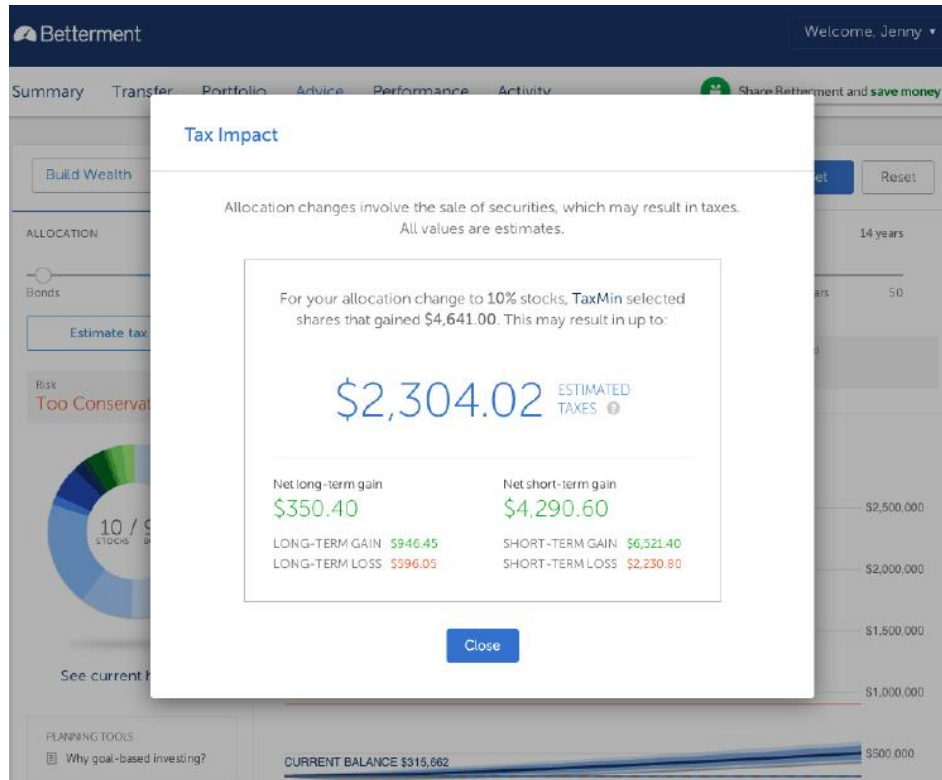
25+ year horizon



This is a general account designed to grow your wealth over time. We provide a recommended allocation according to the number of years you want to stay invested. The allocation can be customized to any timeline.

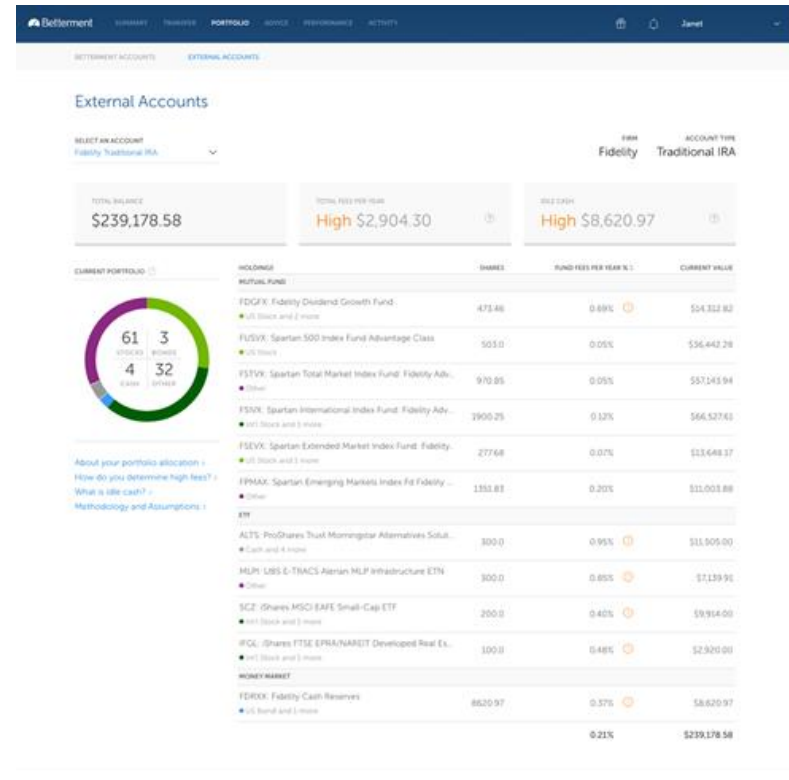
... AND USES TECHNOLOGY TO HELP OPTIMISE FINANCIAL OUTCOMES

EXAMPLE: TAX IMPACT PREVIEW



- Utilise behavioural finance
- Helps curb behaviour leading to long-term underperformance, e.g., switching to cash in downturns
- Prevented over 75% of tax-costly transactions in January 2016

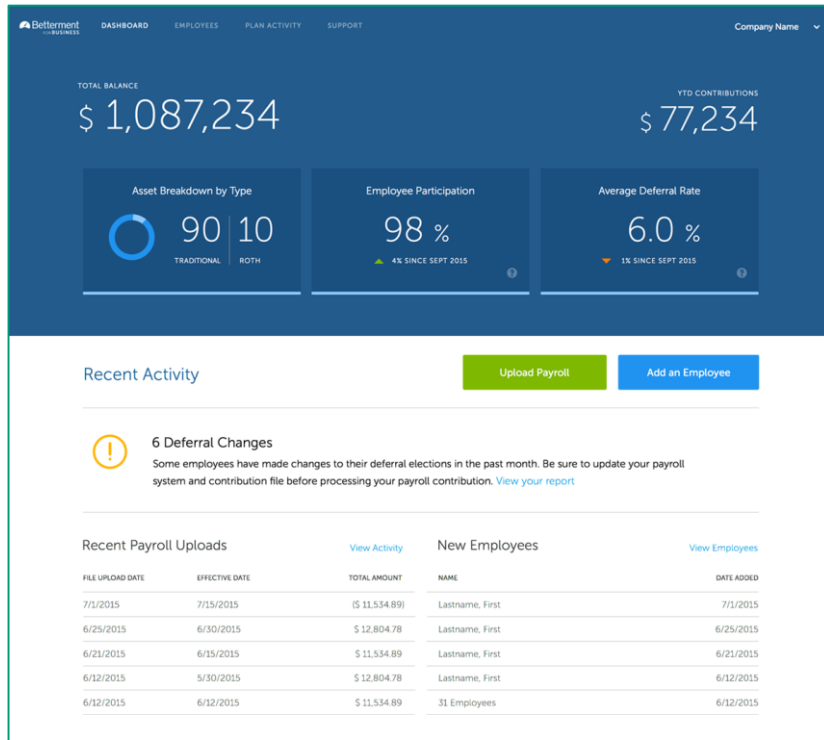
EXAMPLE: ACCOUNT AGGREGATION



- Provide holistic advice
- Full overview of the financial situation helps customers make wiser financial decisions and also helps Betterment give more holistic advice

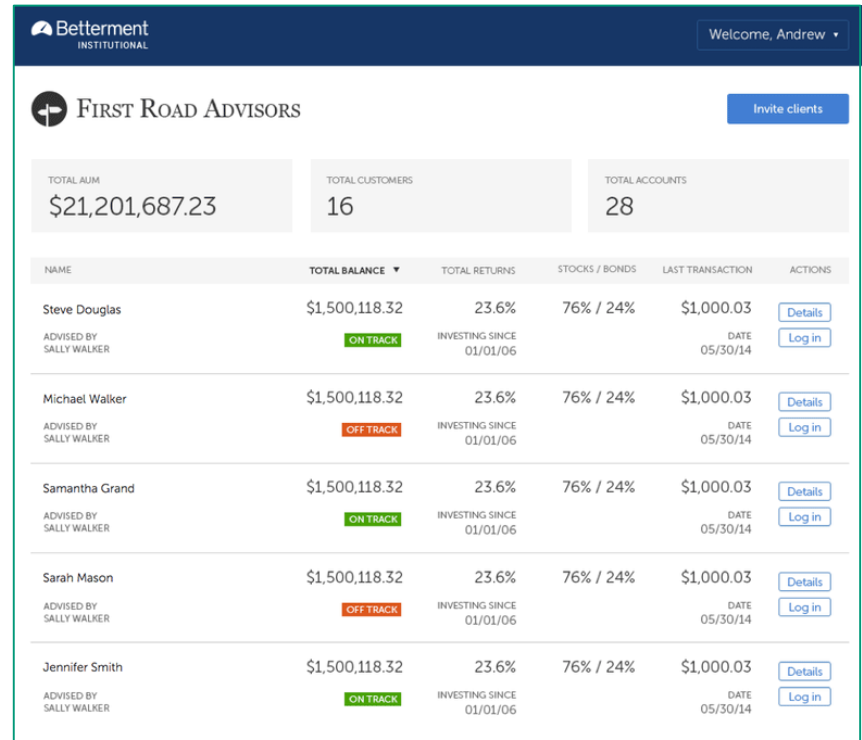
THE BETTERMENT PLATFORM IS AVAILABLE TO INVESTORS ACROSS CHANNELS

BETTERMENT FOR BUSINESS



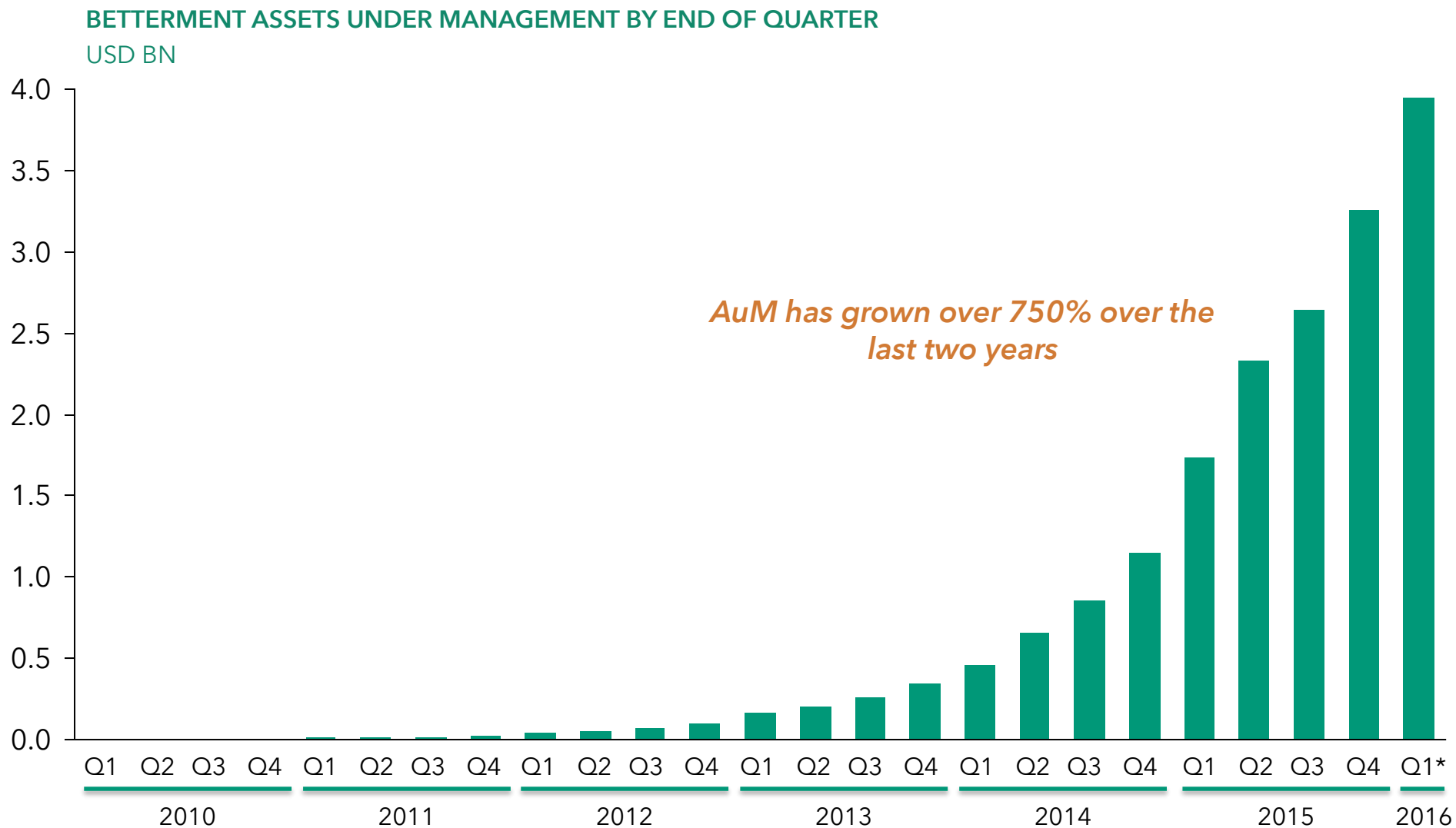
- Only turnkey 401(k) service that includes personalized asset management for all 401(k) participants
- Currently targeting small- to medium-sized businesses looking for value in a full-service solution, including record keeping and administration services, that is lower in fees
- Launched in January with 50 charter employers

BETTERMENT INSTITUTIONAL



- Efficient institutional wealth management platform for RIAs, with simple AUM-based fee
- Advisor-branded client experience, and advisor-focused product pipeline, including portfolio configuration
- Targeted at independent RIAs, with significant potential in the broker-dealer channel
- Launched in 2015 with strong early adoption

SIGNIFICANT GROWTH IN ASSETS UNDER MANAGEMENT



* Per 28 March 2016
Source: Betterment

BEST-IN-CLASS USER RATINGS



"There's a lot of competition in the robo-advisor game, but Betterment has emerged as the current leader of the independent launches, with more than \$3.2 billion in assets under management."

NerdWallet's
rating: 5.0 / 5



It's clear why Betterment is attracting assets and clients: The company offers innovative tools, a diversified investment portfolio and reasonable management fees. The service is especially appealing for clients who have IRA account balances of \$100,000 or more; these clients won't benefit from Wealthfront's direct indexing service and will benefit from Betterment's significantly lower fee at this account level."



"So why did I pick Betterment? In two words, technology and psychology are what attracted me to this company. At the core, Betterment is just a fancy frontend for Vanguard fund... But they add value by automating two things that actually allow you to earn and keep more money: automatic portfolio rebalancing, and tax loss harvesting. "



"Betterment is one of our favourite tools for managing your long-term investments. Now it's getting, well, better. You can now integrate your checking accounts, credit cards, and external investments to see your whole financial health."



"Betterment is probably among the more comprehensive services available, particularly for individuals saving for retirement. Its RetireGuide tool, introduced in August, factors in all of your retirement accounts, including, say, a spouse's 401(k) held elsewhere, expected social security benefits and where you want to retire. Users can connect all of their other savings and investing accounts to see them in one place."



ConsumerReports

Ratings: Best and Worst for Customer Service

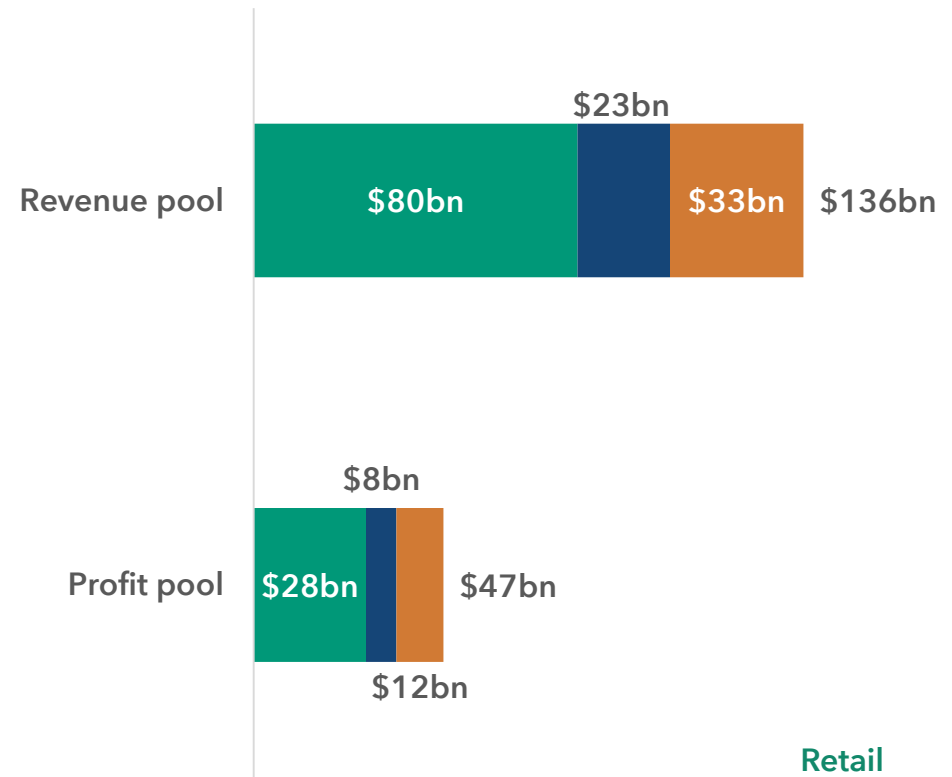
The Ratings below are based on print and online subscriber surveys about 22 industries, stores, and other businesses since 2012. Survey researchers at the Consumer Reports National Research Center analyzed data solely from the perspective of customer service to determine how satisfied respondents were on a key aspect of customer care for that particular industry, whether it was phone support, the politeness of the sales staff, the handling of repairs, and so forth (noted under "Barometer"). Those measures were converted to a scale of 0 to 100 points, with 0 representing the lowest possible score and 100 the highest. Best and worst companies are relative to other competitors in their category.

STORE OR SERVICE	READER SCORE	BAROMETER	BEST	WORST
Brokerage Firms	86	Service	Vanguard, USAA, Betterment, J. Rowe Price, Charles Schwab	—

THE OPPORTUNITY IS SIGNIFICANT AS ASSET MANAGEMENT IN THE US IS A \$33TN MARKET GROWING AT 8% PER YEAR

US AUM HAS GROWN SUBSTANTIALLY SINCE 2009...

...AND GENERATES SUBSTANTIAL PROFITS



Retail
Retirement
Institutional¹

Source: Kinnevik and 3rd party research

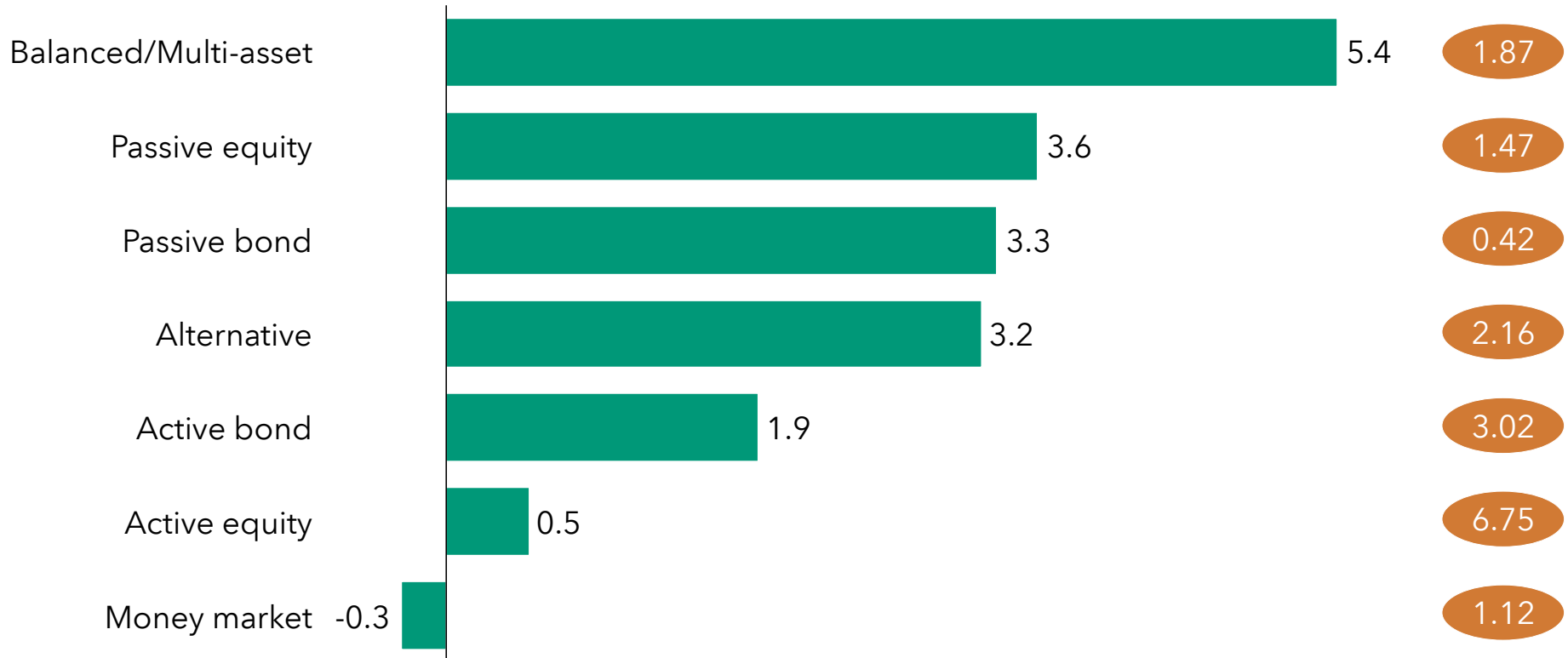
¹ Refers to institutional investors, not applicable to Betterment

AMERICANS ARE INCREASINGLY MOVING AWAY FROM ACTIVE STRATEGIES TOWARDS PASSIVE INVESTING

X Retail AuM in 2014

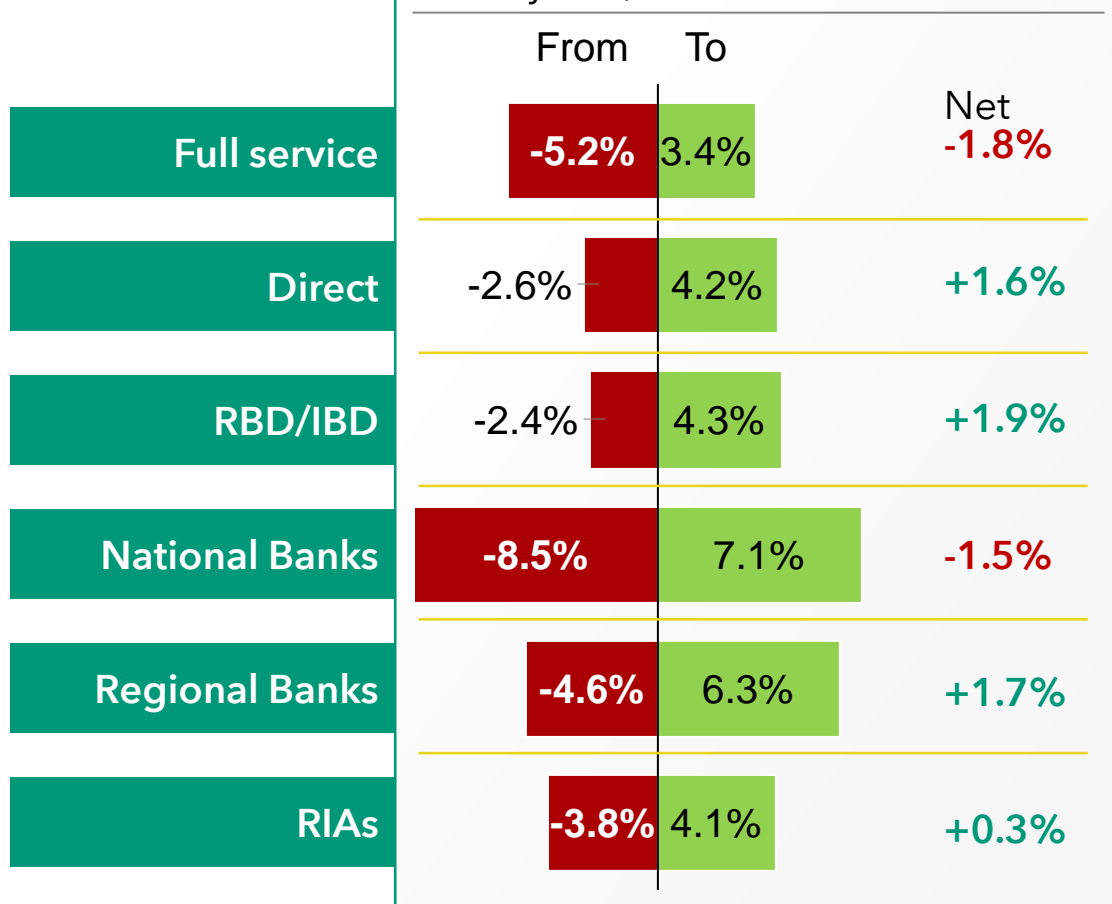
PREDICTED ANNUAL GROWTH IN AUM BY ASSET CLASS AND STRATEGY

Projected annual net flows as % of 2014 AUM

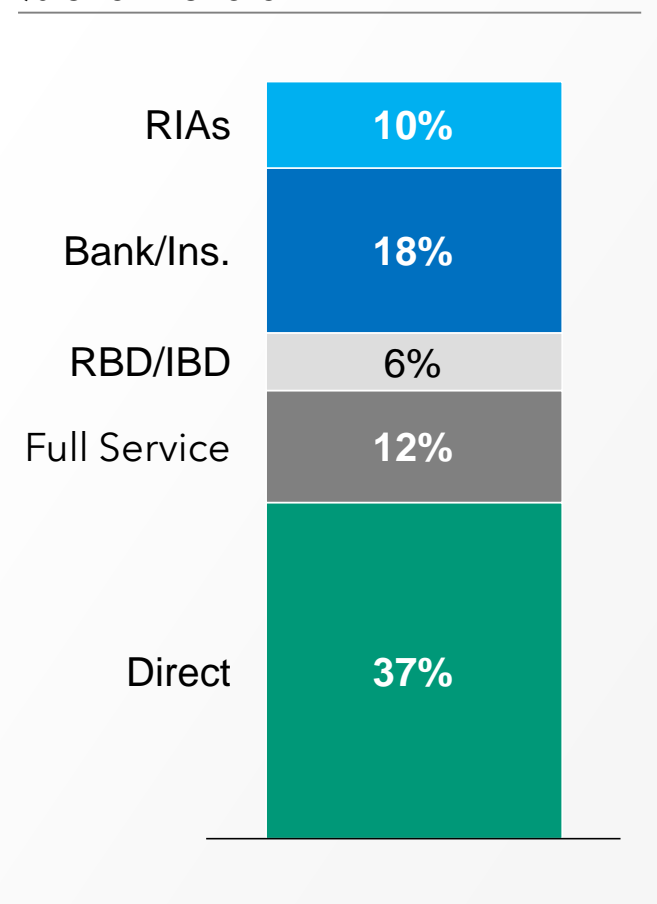


AND OVER THE LAST TWO YEARS, CLIENTS HAVE PRIMARILY SHIFTED TO THE DIRECT CHANNEL

Clients switching from/to firm (avg)
Last 2 years, % of total client base



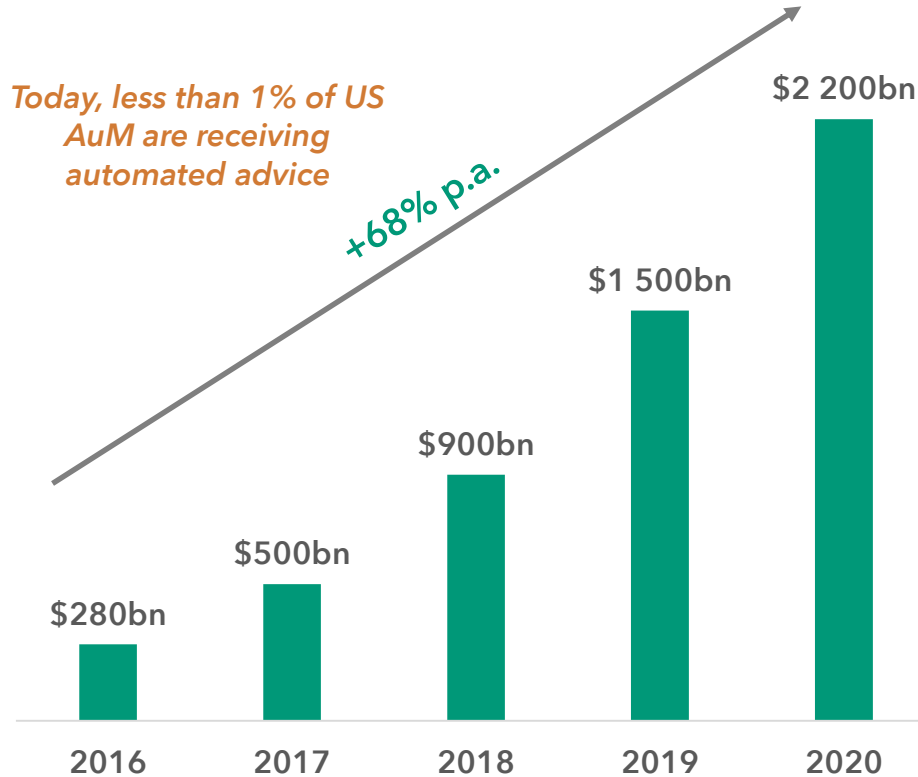
Where clients are switching to¹
% of switchers



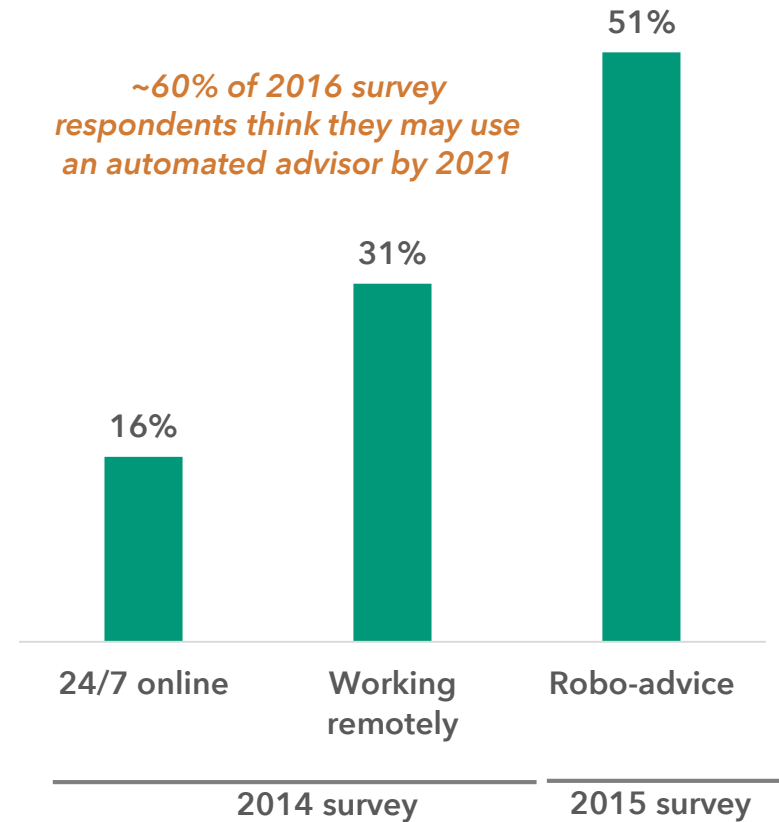
¹ Excludes clients who cited following an advisor as the primary reason for switching

AUTOMATED ADVICE IS GROWING RAPIDLY TO SERVE UNMET NEEDS OF CONSUMERS

GROWTH OF AUM FOR AUTOMATED ADVISORS



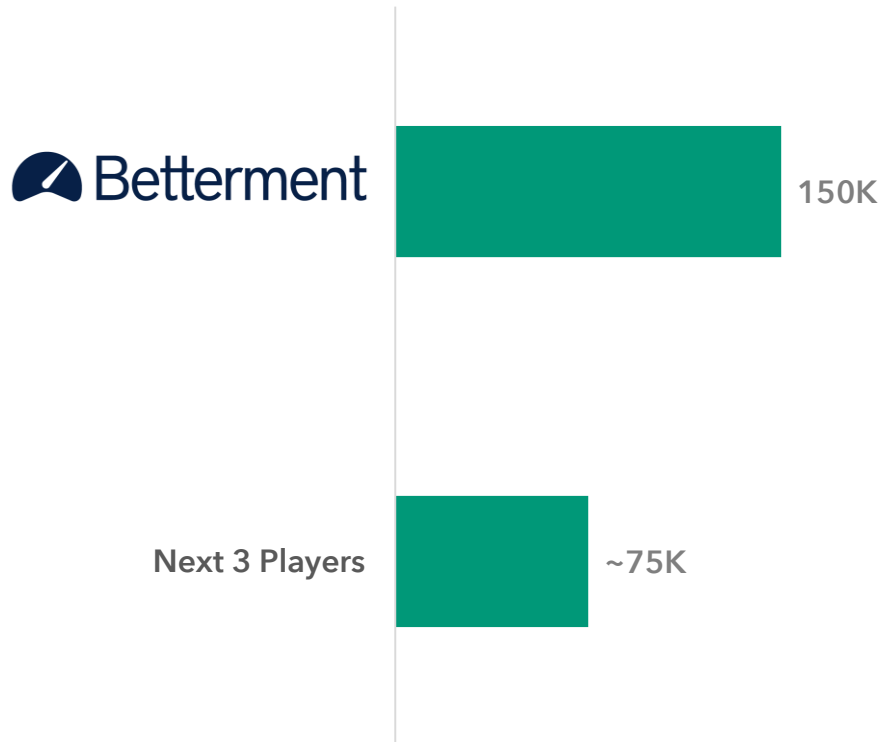
% OF MARKET COMFORTABLE WITH RECEIVING INVESTMENT ADVICE THROUGH GIVEN CHANNEL



Automated advice platforms are well positioned to serve the growing interest in passive, direct investing

BETTERMENT IS THE LEADING INDEPENDENT DIGITAL ADVISOR

LARGEST AUTOMATED ADVISOR BY CUSTOMERS



LEADING OFFLINE PLAYERS ALSO HAVE DIGITAL OFFERINGS BUT ARE LARGELY TARGETING THEIR OWN CUSTOMERS



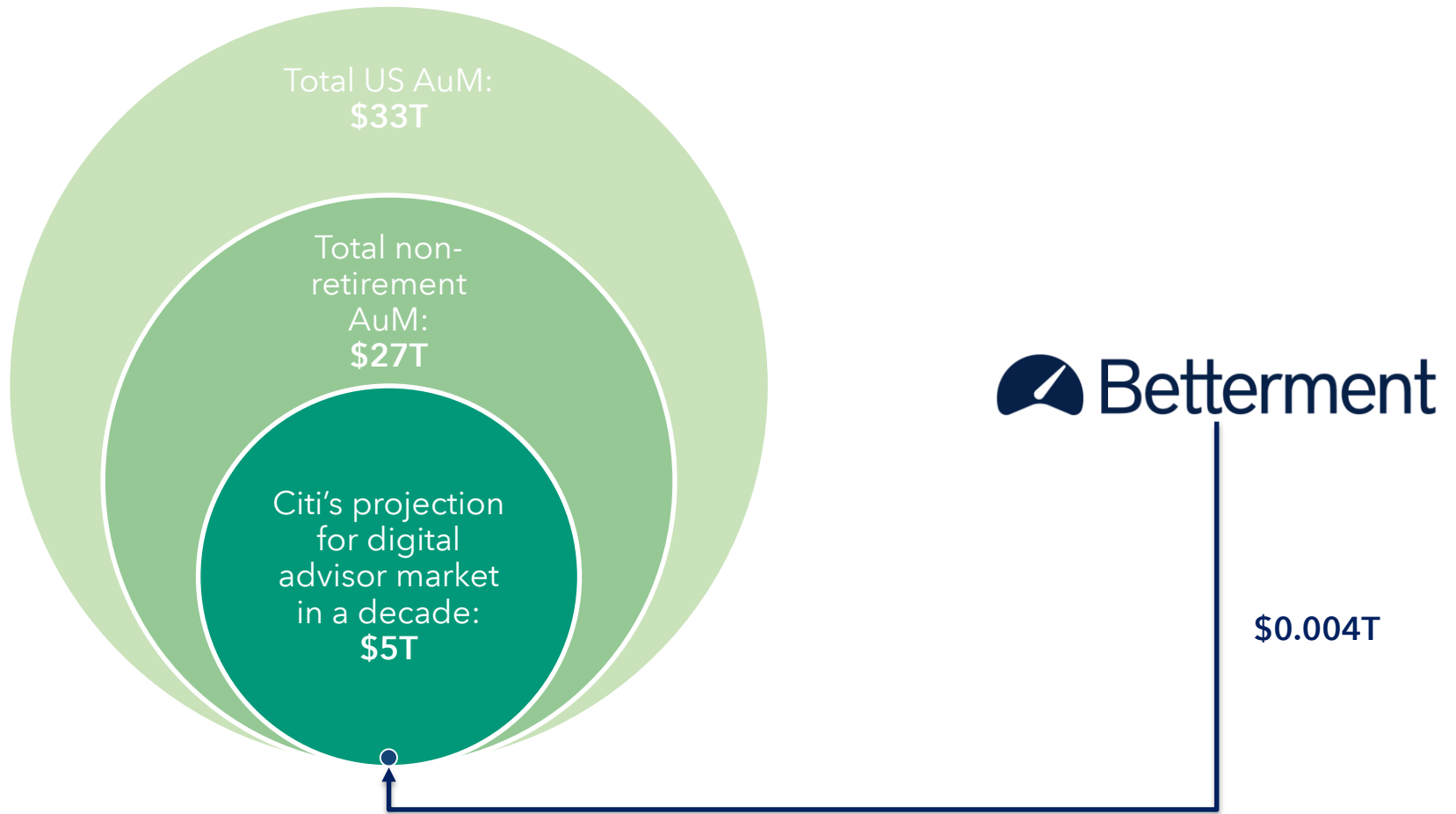
- Entirely digital asset management without personal advisors, however with customer service
- Key products from Schwab; significant cash allocation to Schwab
- More limited services
- Large share of customers from existing offline base



- Personal financial advisor at call center
- Less focused on underlying digital model
- Largely own underlying products
- Large share of customers from existing offline base

Betterment has built a large, loyal and growing customer base who are investing a growing share of their wealth on the platform

IN A MARKET IS LARGE ENOUGH FOR MULTIPLE PLAYERS TO CO-EXIST



TRANSACTION SUMMARY

- Round: **Series E**
- Size: **USD 100m**
- Kinnevik participation: **USD 65m**
- Other investors: **USD 35m** from **internals** including Bessemer Venture Partners, Anthemis, Francisco Partners and Menlo Ventures
- Post-money valuation: **USD 700m**
- Kinnevik post-money ownership: **9.3%**
- Kinnevik governance: right to appoint **one director of the board**

THE PILLARS OF KINNEVIK

Communication



Entertainment



E-commerce and marketplaces



Financial Services



Healthcare



FURTHER INFORMATION

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