

# VTB Capital Investments

**Russian Investment  
Market Leader**

Vladimir Potapov, CEO

# VTB CAPITAL INVESTMENTS

## LEADER ON THE RUSSIAN INVESTMENT MARKET

### VTB BANK BROKERAGE SERVICES DEPARTMENT

- Broker services for retail clients. The possibility to trade on both Russian and International markets.

### VTB CAPITAL INVESTMENT MANAGEMENT

- Home to one of the widest selections of investment products for both Russian and International investors.



### VTB CAPITAL BROKER

- Broker services for institutional clients with the use of modern technology for remote service and margin lending.

### VTB CAPITAL FOREX

- Services for individuals on the Forex market. A direct way to access the international currency market.



VTB MY INVESTMENTS – BEST ONLINE BROKER SERVICE 2020 – NAUFOR ELITE MARKET AWARD 2021

VTB GOLD FUND – BEST FINANCIAL INSTRUMENT 2020 – NAUFOR ELITE MARKET AWARD 2021

VTB METALLURGICAL FUND – FIRST PLACE IN THE “BEST RUSSIAN EQUITY MUTUAL FUND” COMPETITION – INVESTFUNDS AWARDS

VTB MY INVESTMENTS – BEST BROKERAGE MOBILE APPLICATION 2020 – INVESTFUNDS AWARDS 2021

LEADER IN MUTUAL FUND INFLOWS – INVESTFUNDS 2020

VTB CAPITAL INVESTMENTS – NUMBER 1 BROKER – INVEST HEROES 2021

BEST BROKERAGE COMPANY – NAUFOR 2020

BEST MOBILE APPLICATION – INVESTFUNDS AWARDS

RETAIL BROKER – BEST BROKERAGE COMPANY – NAUFOR 2019

BEST ASSET MANAGEMENT COMPANY IN RUSSIA – EMEA FINANCE 2020

BEST BROKER IN RUSSIA – EMEA FINANCE 2020

BEST BROKER IN RUSSIA – MOEX 2020

BEST INVESTMENT APPLICATION – RAEK 2020

> 55 USD bn  
AUM

> 1.7 million  
CLIENTS

# VTB CAPITAL INVESTMENTS

## MISSION AND VALUES

### MISSION

We help people  
achieve their goals  
by creating better  
financial solutions

### VISION

Investments are an integral  
part of savings

### TOP PRIORITY

Provide investment solutions  
for every household with  
the help of digital technology  
and innovation

### GOAL

To be a life-long partner  
in managing savings

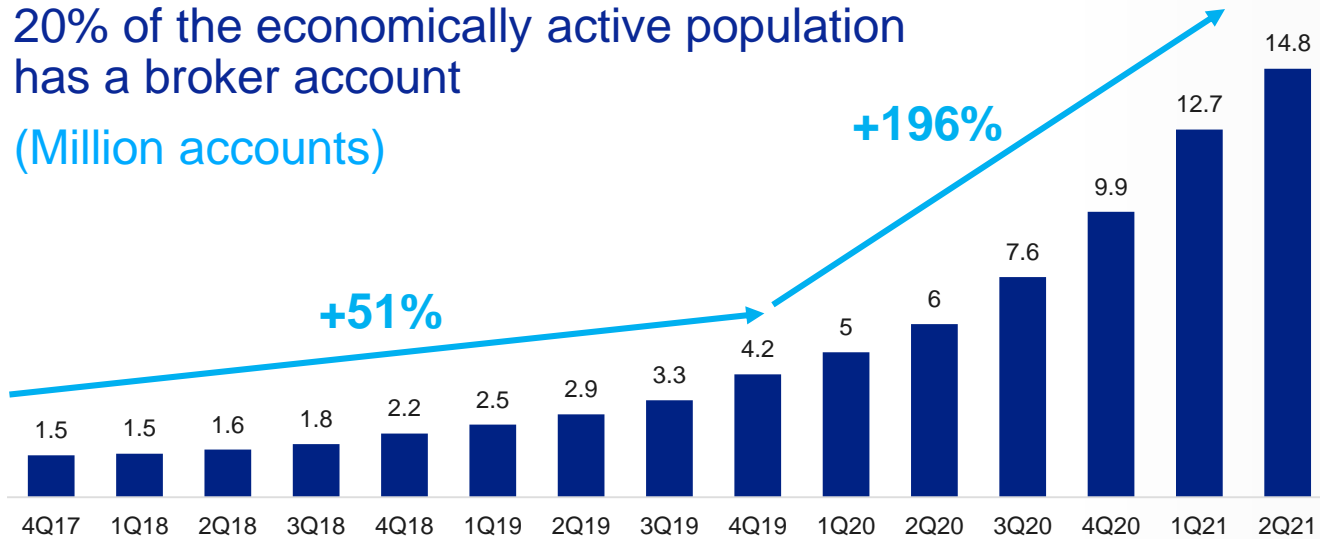
### AMBITION

To be the leader in terms  
of client satisfaction and  
market share

# RETAIL MARKET AUM GROWING AT 40%, ACCOUNTS >100%

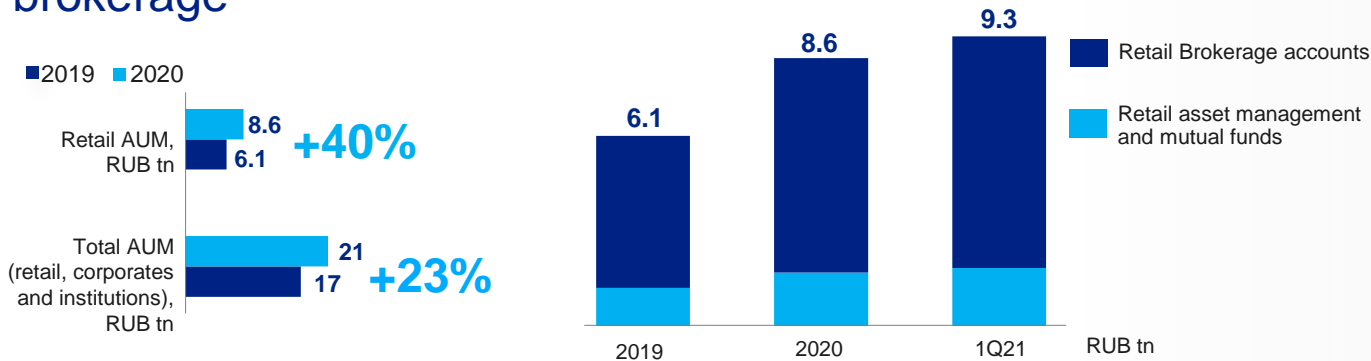
20% of the economically active population has a broker account

(Million accounts)



Source: CBR

Retail market growing faster than the overall market due to brokerage

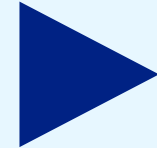


Source: CBR, VTB Capital estimates \* Excl. Local Exchange traded funds

AUM includes brokerage accounts, asset management, closed ended funds and mutual funds

## Retail Market Outlook

Addressable market over the next 5 years



**20-30**  
m clients

We expect AUM to double by 2023E thanks mainly to inflows into currently unfunded accounts and growing participation in new products

2020



x2

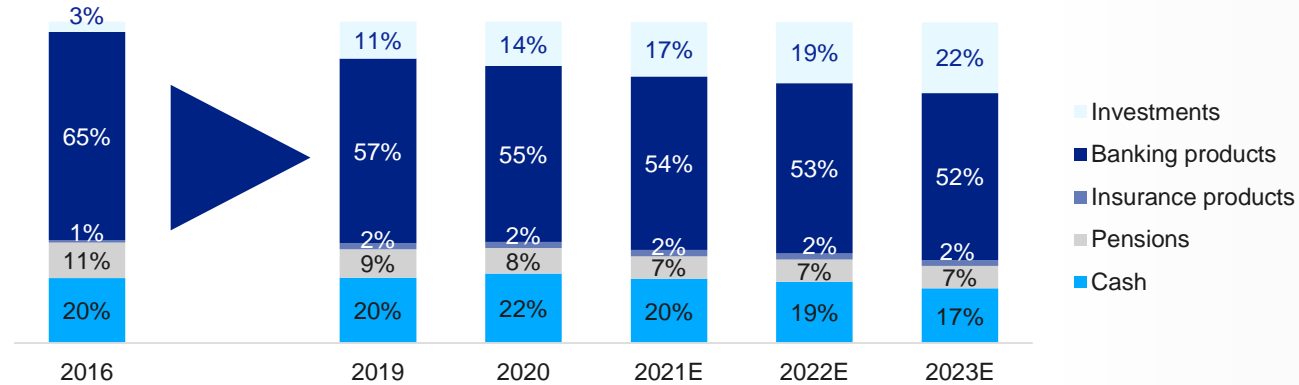
2023E



Source: VTB forecast

# AUM GROWTH TO CONTINUE AS THE MARKET IS UNDERPENETRATED

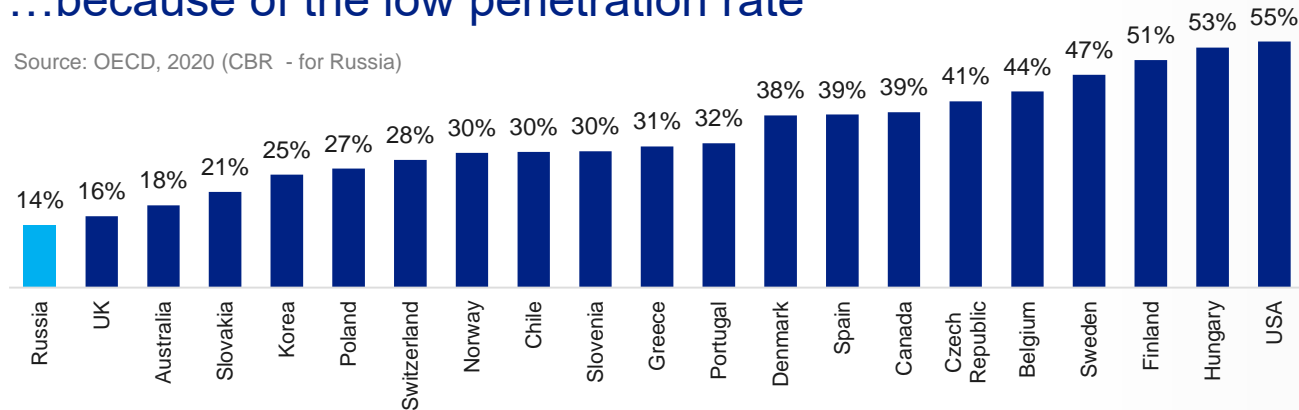
Investments as a share of total financial assets are expected to grow...



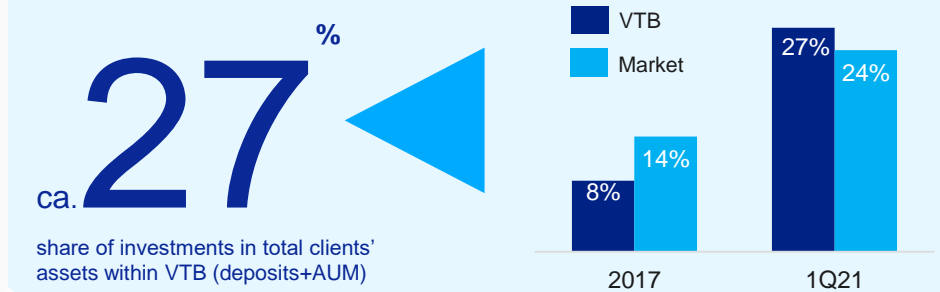
Source: CBR, Rosstat, VTB Capital

...because of the low penetration rate

Source: OECD, 2020 (CBR - for Russia)



## VTB has successfully grown clients' assets via investments

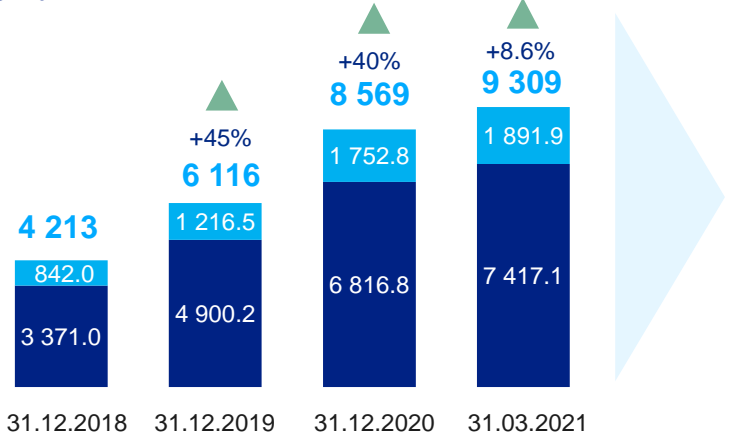


We expect this share to grow further due to:

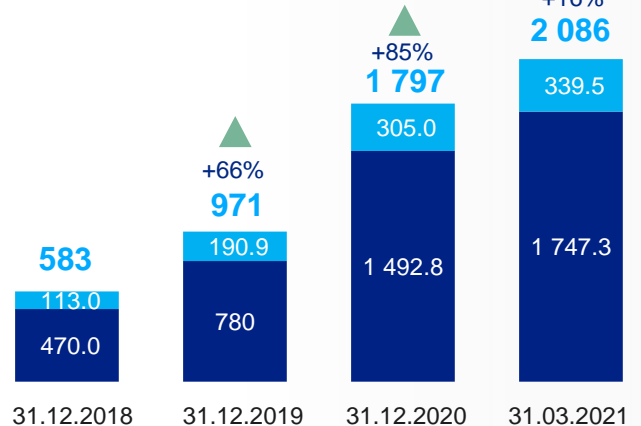
- ✓ Launch of new investments products addressing unmet client needs
- ✓ Broad offering of investment-related services
- ✓ Positive client experience especially for first-time clients
- ✓ Net positive churn from competitors

# MARKET IS GROWING FAST, WE'RE GROWING EVEN FASTER

Russian market AUM, Investment Products for Individuals  
RUB bn



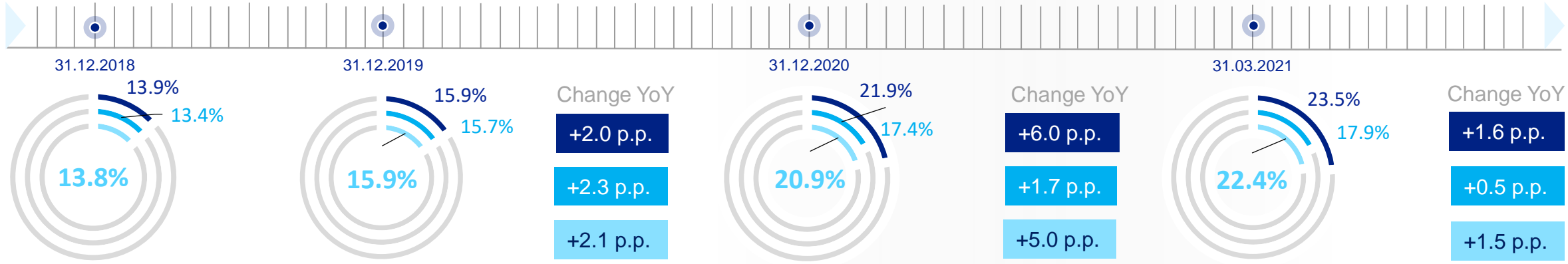
VTB AUM, Investment products for Individuals (WIM)  
RUB bn



- ✓ The VTB market share by AUM is calculated based on assets of WIM clients' and CBR data for the Retail investors stocks investments and VTB Capital estimates for the cash and derivatives investments
- ✓ We grew our retail AUM by 85% in 2020 and we expect strong growth to continue
- ✓ Our market share rose from 14% to 22% in less than 4 years

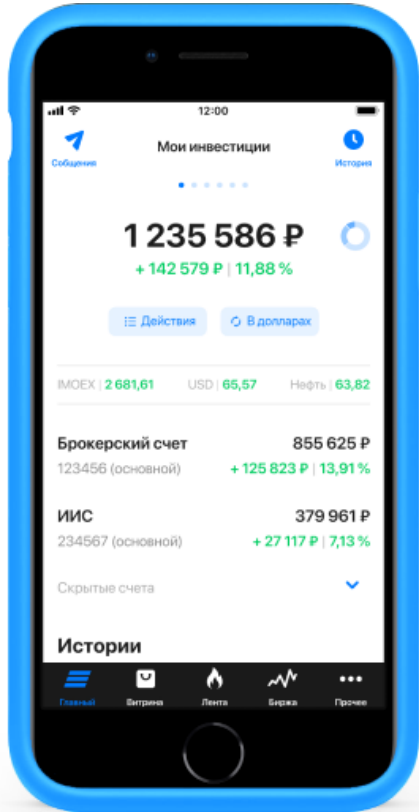
■ Brokerage 
 ■ Asset Management 
 ■ TOTAL

WIM market share, %



# VTB MY INVESTMENTS – RETAIL DIGITAL INVESTMENT PLATFORM

3П подход — «Просто Прозрачно Персонализировано / Easy-to-use, transparent, personalized»



**Comprehensive tools: 10,000** instruments from 33 exchanges worldwide. OTC markets, VTB Capital and VTB research, market news, price targets, fundamentals, advanced portfolio analytics, and other data

### Key metrics 31.07.2021

**350 k** daily active users (DAU)  
**670 k** monthly active users (MAU)  
**9** Visits per user per day  
**RUB 1.9 tn** AUM  
**RUB 3.2 tn** turnover per month

**Investments advisory services:** Robo-advisor for all investment profiles (21 types of portfolios) and full personal advisory with digital communication and execution

### Key metrics 31.07.2021

**7x** DAU since January 2020  
**+75%** MAU since January 2021  
**+158%** Growth since January 2020  
**+71%** Growth YoY

**Asset Management products and mutual funds** with online portfolios

### Advanced technology and content

- AI Robo-advisory (5.54% alpha)
- AI Chatbot (70 k answers, 93% accuracy)
- Personal targeted notification
- Investment goals and sub-accounts
- In-app educational course (100 k students per month)
- Stories (50 k average view)
- Live chat with support (launch 3Q21)

4.8  
★★★★★

4.8  
★★★★★

4.9  
★★★★★

## Why customers choose VTB My Investments

Convenient and easy-to-use

Safe and secure

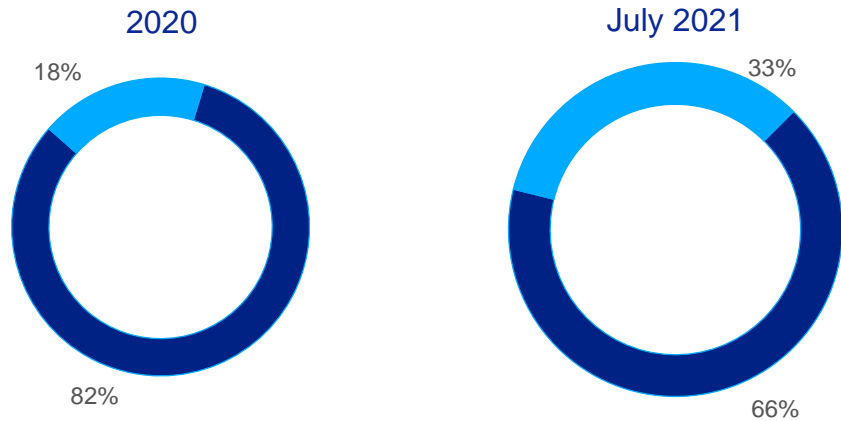
Low commissions  
No hidden fees

Uninterrupted connection

Choice of HNWI

# CLIENT ACQUISITION: IN-GROUP CONVERSION + EXTERNAL ACQUISITION OF 1 000 000 IN 2021

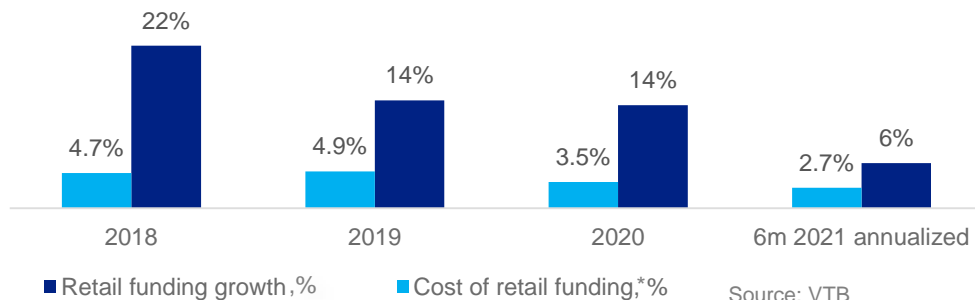
Share of new VTB My Investments clients by source



Source: VTB Capital investments

■ existing VTB clients ■ online acquisition

While we continue to win more clients, VTB deposit base keeps expanding at a healthy rate



Source: VTB

\*cost of deposits from individuals

**1 722 484**

retail clients total as at 31.07.2021

**+535 240**  
new clients  
July YTD

**400 000**

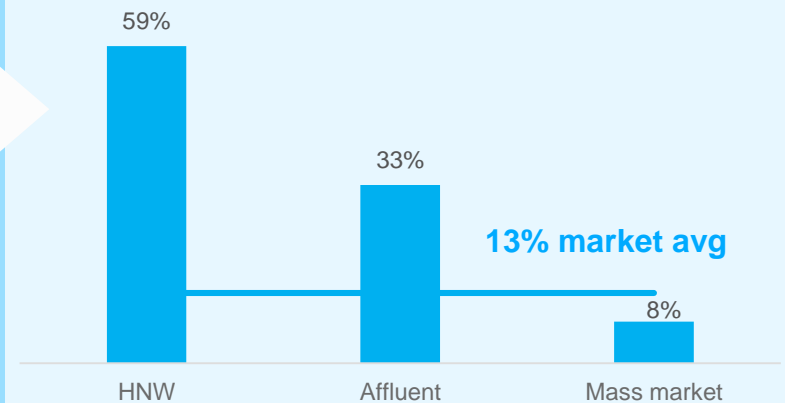
retail clients online acquisition in 2021  
**+250 250**  
new clients online  
July YTD

Source: VTB Capital Investments

**Mass market – most underpenetrated segment**

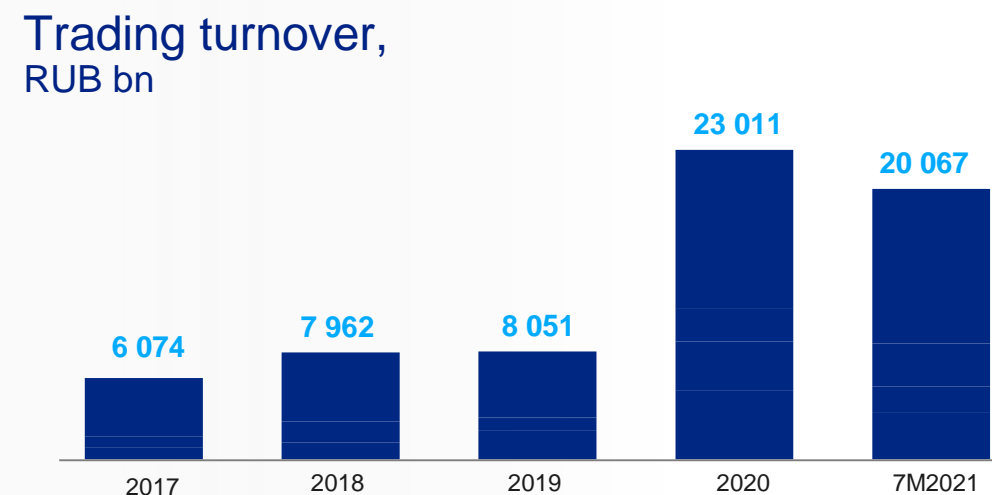
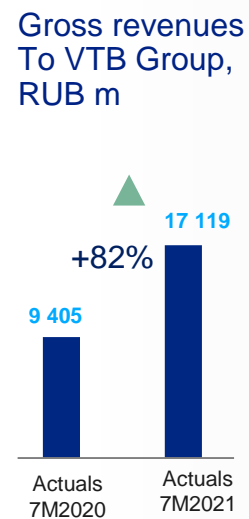
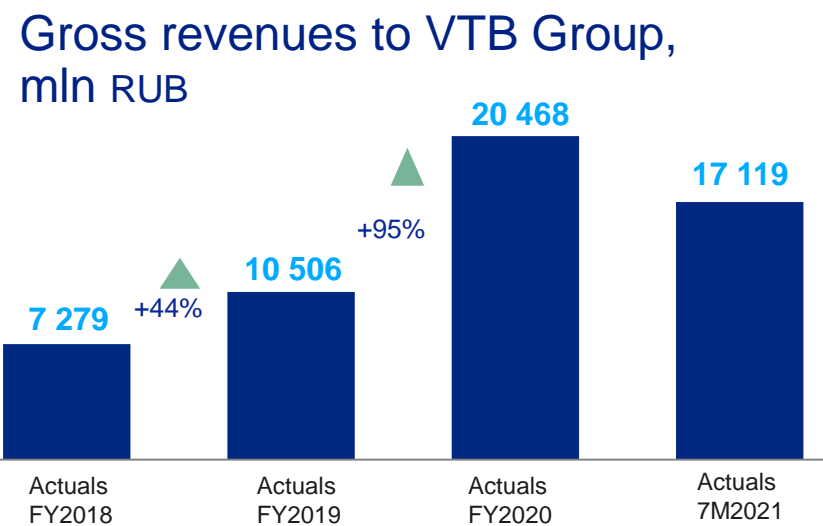
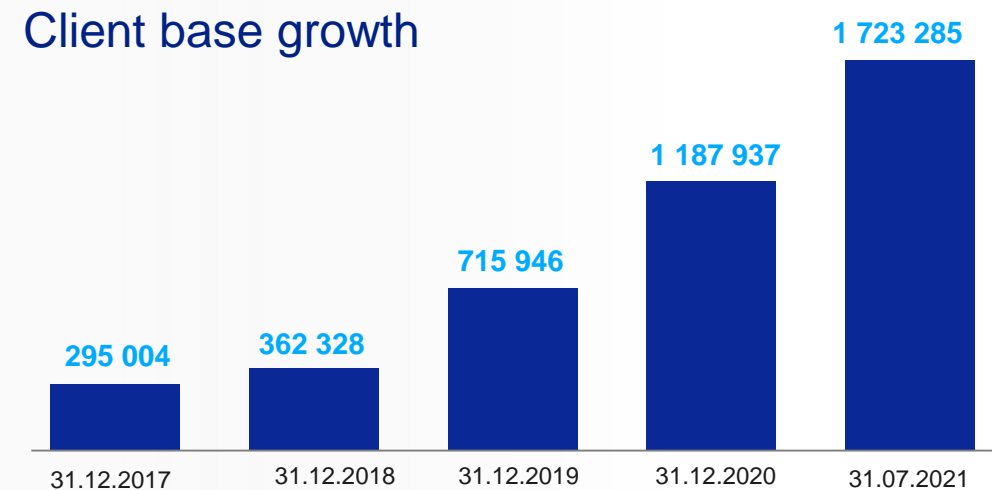
Penetration rate of investments in VTB

Broker account penetration by segment 31.07.2021





# REVENUE GROWTH FOLLOWS AUM GROWTH



# 11 YEAR SUCCESS STORY OF VTB CAPITAL IM IT'S JUST THE BEGINNING



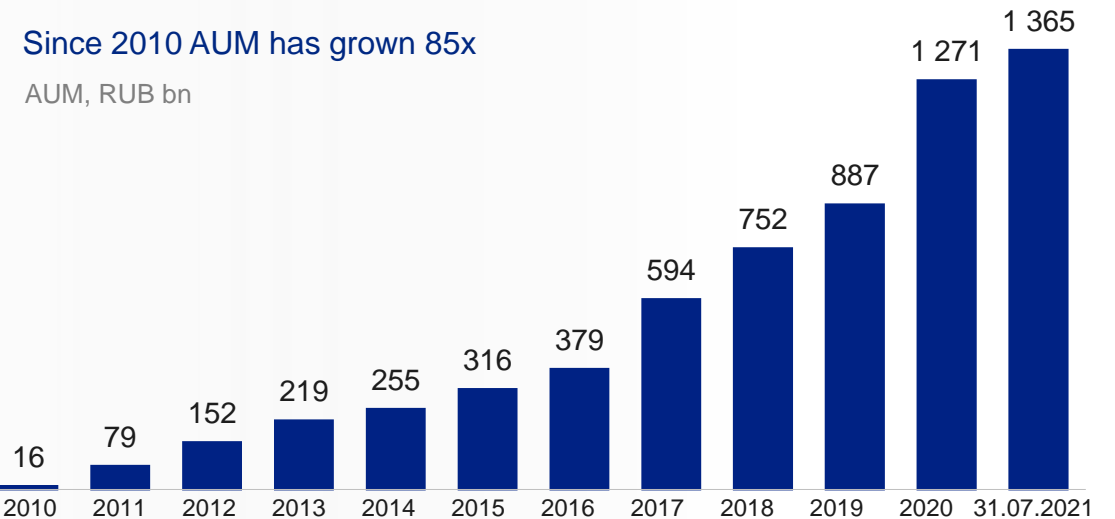
Widest and most innovative product range

- #1** AM BUSINESS IN RUSSIA WITH 70 FUNDS
- 25** OPEN-ENDED MUTUAL FUNDS
- 10** ETFs
- 30** CLOSE-ENDED FUNDS
- 3** INTERVAL FUNDS
- 2** LUX DOMICILED UCITS

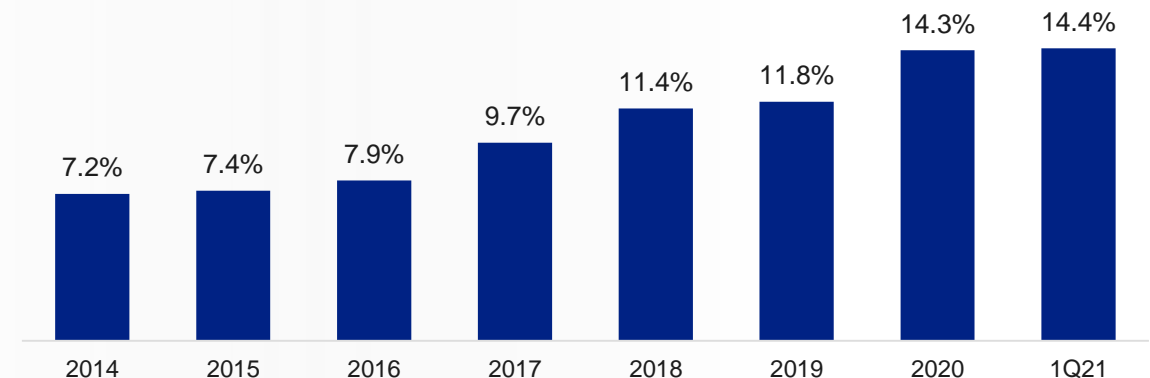
Wide strategies range for corporates, institutionals, HNWI's  
Discretionary mandates for a number of International Institutional and Private clients in Asia, Middle East and Europe, including leading SWFs – AUM USD 2.5 bn (31.07.2021)

- VTB – Treasury fund – the largest open-ended fund in Russia with close to USD 1 bn in aum (31.07.2021)
- Alternative investment funds
- Range of smart beta ETFs
- The first ESG oriented mutual funds
- The first exchanged-traded money market fund
- The only fund in Russia with built-in charity
- The only physical gold ETF in Russia

\*Source: Expert RA



VTB Capital Investment Management's market share has doubled since 2014\*

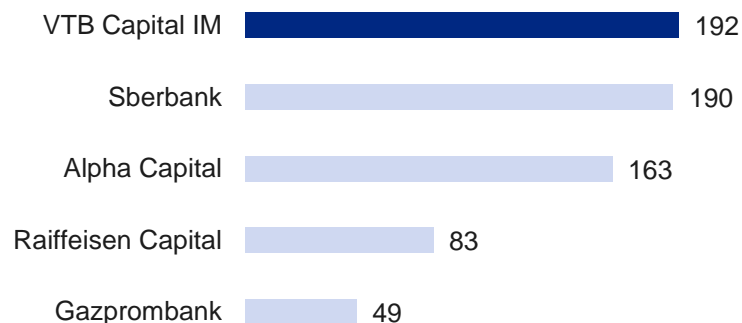


# VTB CAPITAL IM HAS LEADING MARKET POSITIONS IN EVERY CLIENT SEGMENT

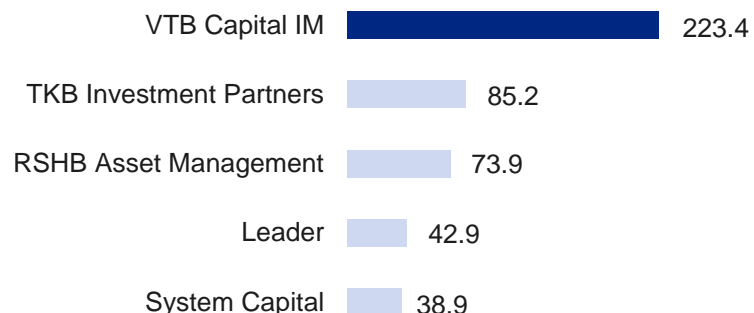


## RETAIL & CORPORATE

### TOP-5 Investment Managers of Open-Ended Mutual Funds

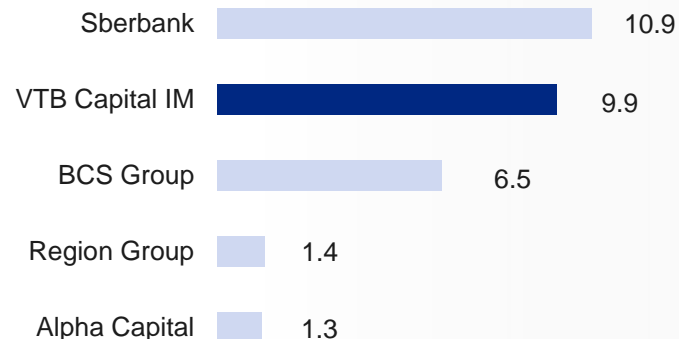


### TOP-5 Investment Managers of Corporate Clients

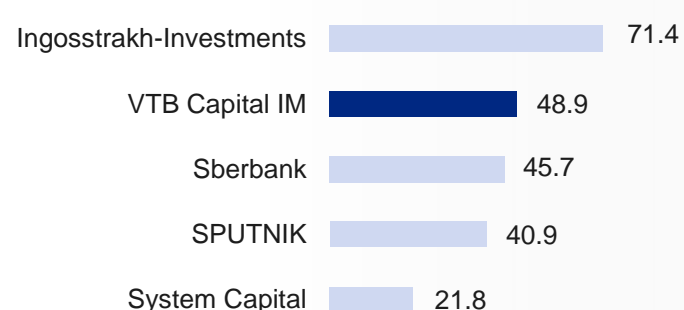


## INSTITUTIONALS

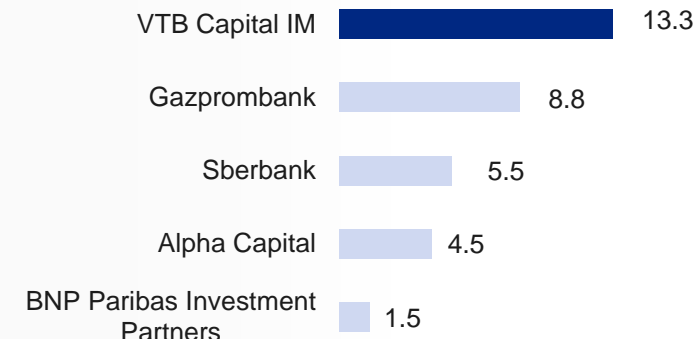
### TOP-5 Investment Managers of the Government Pension Fund



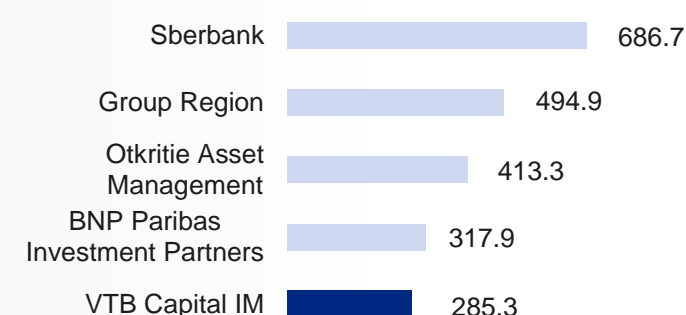
### TOP-5 Investment Managers of Insurance Company Reserves



### TOP-5 Investment Managers of Endowment Funds



### TOP-5 Investment Managers of Non-Government Pension Funds

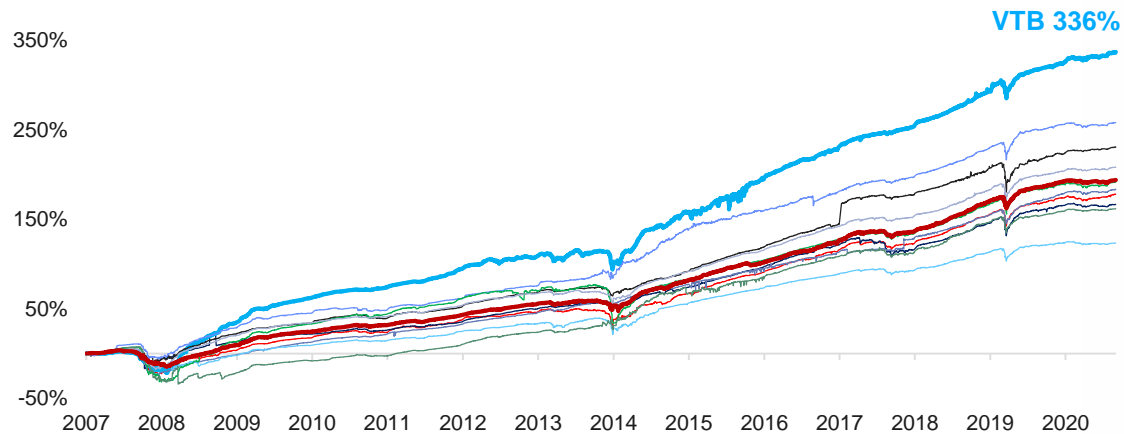


Source: Expert RA, 31.03.2021, RUB bn

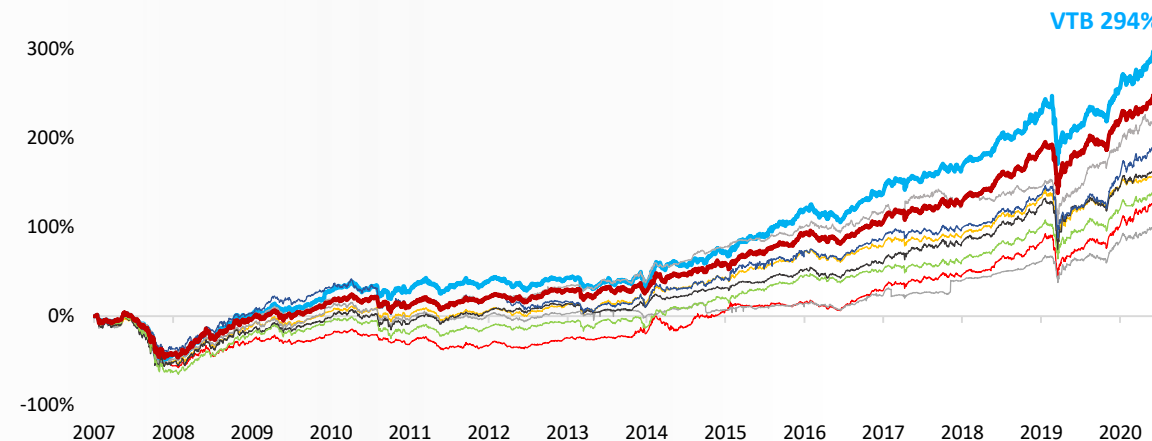
# VTBC IM PUBLIC TRACK RECORDS ARE THE BEST IN THEIR CLASSES



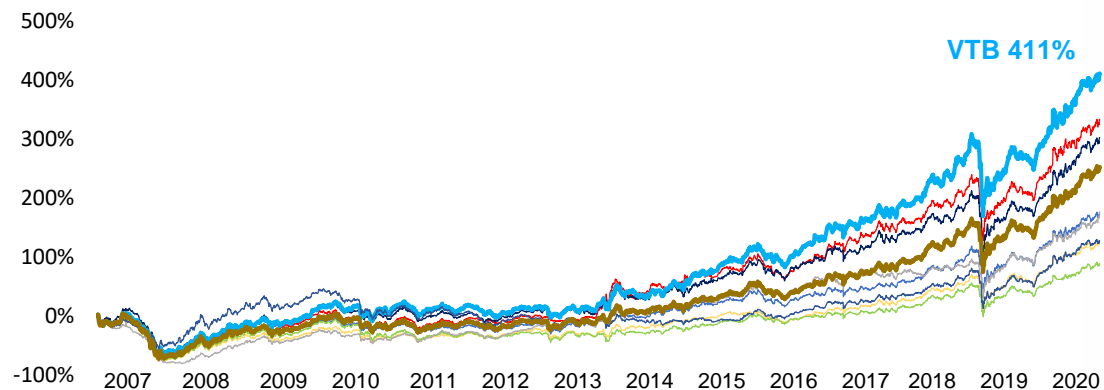
#1 VTB Treasury fund vs peers



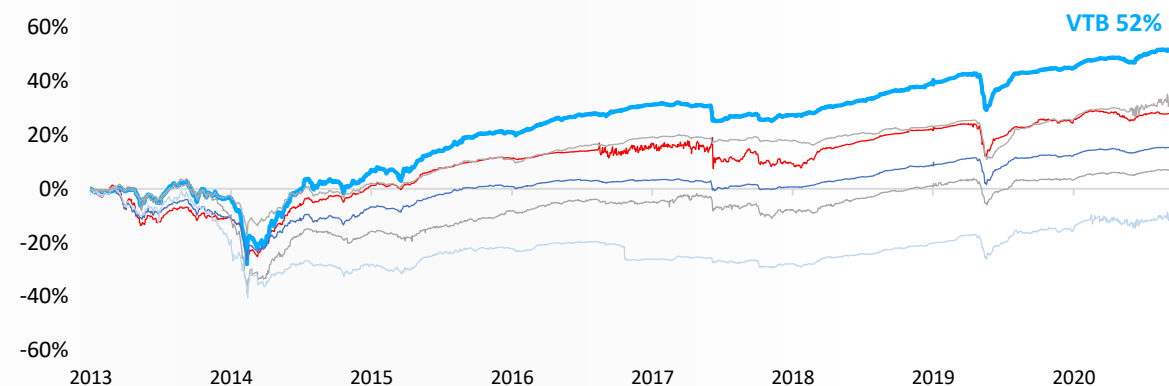
#1 VTB Balanced fund vs peers



#1 VTB Equity fund vs peers



#1 VTB Eurobond fund vs peers



Source: Investfunds, 31.08.2021, Peer group Alfa Capital — Aton — Gazprombank — Raiffeisen — Sberbank — TKB — Uralsib — Otkritie

# VTBC IM ALTERNATIVE INVESTMENTS AREA FOR GROWTH



- We believe that alternative investments are an important part of the investor portfolio because of their uncorrelated nature
- We provide a wide range of alternative investment solutions

- We have adapted traditional institutional products for retail investors
- We support companies through all stages of their life cycle - early stages, expanding to global markets, pre-IPO, IPO and post-IPO

## Russian Private Equity Funds (Pre-IPO)

Diversified investments in Russian tech companies capitalizing on market trends and opportunities leveraging opportunities of the market:

- one of the highest number of IT specialists globally;
- one of the highest global GDP per capita by PPP;
- emerging technological trends (cloud, shared economy);
- Russian companies going international.

### Products:

#### MID CAP

Status: launched

Target stage: 3-4 years Pre-IPO

Current AUM: USD 65 m

Mandate: high growth tech companies

25%\*

Gross IRR

\$300m

Target 2024 AUM

#### LARGE CAP

Status: to be launched in 2022

Target stage: 1-3 years Pre-IPO

Mandate: mature tech companies going public

20%\*

Gross IRR

\$100m

Target 2024 AUM

#### CLUB DEALS

Status: to be launched in 2022

Target stage: 1-4 years Pre-IPO

Mandate: sound opportunistic deals

20%\*

Gross IRR

\$100m

Target 2024 AUM

\*Targeted annual return

## Selected deals

### Private Equity



- One of leading midsize agile development service providers globally
- Competed full exit in 2016 with **CoC 15x**



- Leading Russian tracking and fleet management solutions in mining
- Competed full exit with **CoC 5x** (1.5 years after investment)

### GETCOURSE

- #1 Russian e-learning course creation and promotion platform (SaaS). Expected revenue 2021 USD 15 m, EBITDA margin 50%+, high growth (50%+ in 2021)
- Invested in 2020. After 9 months in 2021 completed partial exit at 3.1x higher valuation
- Expect exit in 2024 at **CoC 10x+**



- #1 Russian electronic scooter sharing operator
- Expected revenue 2021 **USD 70 m**, EBITDA margin **40%+**, high growth (several times in 2021). Invested in 2020. Expect exit in 2022-2023 at **CoC 10x+**

### Real Estate

- Acquisition of 44,000 sq.m of A-class warehouse properties in Moscow and Novosibirsk region leased to Russian logistic tenants
- Acquisition of 7,000 sq.m of premium office properties in Moscow leased to Russian and international tenants

## Real Estate Funds

The Russian market offers unique opportunities.

Our products in Real Estate offer the following benefits:

- High regular returns substantially exceeding fixed income returns
- Multiple strategies: core (equity), core+ (equity + leverage)
- High liquidity via Moscow Exchange

### Products:

**VTBC – RESIDENTIAL 1** > 8.5%

Status: completed  
AUM: RUB 1.3 bn

**VTBC – RESIDENTIAL 2** > 12%

Status: completed  
AUM: RUB 2.8 bn

**VTBC – RENTAL INCOME** 8 - 13%\*

Status: final closing  
AUM: RUB 5.3 bn

**VTBC – RENTAL INCOME PRO** 10 - 15%\*

Status: initial closing  
Target AUM: RUB 14 bn







# EXPANDING OUR REACH VIA PARTNERSHIPS

VTB is the only bank in Russia with an Open API platform for investment product distribution

Applied programming interface (API) and digitally adopted products and services allow to scale acquiring, onboarding and deliver full investment services to private clients via partners, internet companies, online media, and others.

- Clients receive our products and services in their preferred environment - convenient, secure and hassle-free
- Partners increase ARPU
- Partners increase client retention and perceived value of offering
- VTB achieves scale and a cost effective digital distribution channel for investment products

## Our market-leading partnerships

-  **Yandex – top IT company in Russia with more than 60 m users**
-  **RBC – biggest media business with 11 m active daily users**
-  **Magnit – top retailer in Russia**
-  **Pochta Bank**
-  **Moscow Exchange Financial Marketplace**
-  **3 new integrations in progress**

# MEDIA & EDUCATION AMPLIFICATION

Turning best-in-class Alpha generation into brand leadership

Improve financial literacy and investor education

Russia's #1 investor education platform

Help make investment decisions

#1 Research team in Russia  
Free access to VTB Capital research

Share our investment ideas

Russia's #1 financial Telegram-channel  
Daily Podcasts & Weekly Digest

Help corporations and investors communicate

Online-conferences with Russian corporations

Our core values consistently communicated

We support our clients' investment processes by providing timely advice and response to concerns

We generate Alpha for clients by managing portfolios and providing recommendations that outperform benchmarks

We support the brand values of VTB by ensuring high quality, professional service

# REGULATORY CHANGES

## Financial market regulation

### SUPERVISORY AUTHORITIES

#### Central Bank of The Russian Federation (CBR)

- Licensing;
- monitoring the implementation of financial market legislation and regulations of the CBR;
- protection of investors' rights and interests.

#### Self-regulatory organization National Finance Association (SRO)

- Membership in the SRO;
- monitoring compliance with basic requirements of market participants and SRO's internal standards;
- protection of investors' rights and interests.

### CHALLENGES AND ADAPTATION

#### Pandemic

- Previously scheduled inspections have been postponed, the deadline for the execution of orders and requests from the CBR or SRO was extended;
- a decision on non-disciplinary measures for violations of the basic standards was made;
- concessions were given on the timing of reporting to CBR.

*These solutions have reduced operational burden on financial market participants during the period of restrictive measures and the transfer of the majority of employees to remote work.*

#### An increase in the tax burden on investors - individuals

- Progressive tax rate since 2021;
- taxation of coupon income on bonds;
- lack of problem solving - income tax exemption from foreign currency revaluation.

A new categorization of qualified investors within the number of retail investors has been introduced. The acquisition of difficult to understand, or increased risk instruments from 01.10.2021 require mandatory testing.

### ADVANTAGE:

- Preventive protection of novice investors from increased risks;
- improving financial literacy.

### DISADVANTAGES:

- Substantial financial and digital resource costs to bring current practice in compliance with the new requirement;
- limiting investment opportunities for novice investors;
- possible tightening of the testing procedures (complexity of issues, etc).

### INNOVATION AND DEVELOPMENT

New areas of the financial market and new opportunities:

- Creation of the institute of investment advisers;
- financial platforms («marketplace»);
- digital financial assets;
- the creation of exchange-traded funds in Russian jurisdiction;
- liberalization of foreign security admission procedures on Russian stock exchanges;
- the creation of a legal framework for the production of complex structured products in Russian jurisdiction;
- Requests for improvement of the existing regulations and the "regulatory guillotine;"
- creation of new type of individual investment accounts (IIA) (IIA-type 3 and «educational » IIA);
- expanding the composition and structure of exchange-traded fund assets;
- expanding opportunities for participation in IPOs for trustees of non-State pension funds;
- simplifying the identification of natural persons - non-residents.



# OUR RESEARCH SERVICE IS BEST-IN-CLASS

Over 100 active investment ideas at any point in time

Over 1,000 covered instruments



## Strategy

Quarterly market outlook from our economist



ESG Monitor + ESG Progress



## TOP-10 Investment ideas, monthly

- Global equities
- US equities
- Russian equities
- IG Eurobonds
- HY Eurobonds
- Small-lot bonds



## Telegram Channel VTB My Investments

240,000 subscribers



## Regularly scheduled publications

- Global and Russian markets update
- Oil market
- FX
- Eurobonds and primary placements
- Emerging markets scorecard



## Trade ideas for all investment horizons

- Idea of the day (idea generation)
- Tactical idea of the week (1 week)
- Trade ideas (3-6 months)
- Idea of the week (long-term)



## Special products

SPAC list

**THANK YOU**

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Companies of VTB Capital Investment Management include: JSC VTB Capital Asset Management, LLC VTB Capital Pension Reserve.

JSC VTB Capital Asset Management has the licenses to carry out the activity (license of the Federal Financial Markets Service of Russia No. 045-10038-001000 dated 20.03.2007 for securities management activities; license of the Federal Securities Commission of Russia No. 21-000-1-00059 dated 06.03.2002 for management of investment funds, mutual investment funds and non-state pension funds, for an unlimited period of time). LLC VTB Capital Pension Reserve has a license issued by the Federal Financial Markets Service of the Russian Federation No. 21-000-1-00108 dated 07.02.2003 for management of investment funds, mutual investment funds and non-state pension funds, for an unlimited period of time. Before buying a unit in a fund, investors should carefully read the rules of trust management of the fund. Information about the Funds and the Rules of trust management of the Funds, and other documents stipulated by the Federal Law "On Investment Funds" and regulatory acts in the field of financial markets, are available at: 123112, Russia, Moscow, nab. Presnenskaya, 10, 15 floor, premises III and/or 123112, Russia, Moscow, nab. Presnenskaya, floor 15, premises III, room 20 or by phone 8-800-700-44-04 (toll-free long-distance and mobile calls), at the agents' addresses or online at [www.vtbcapital-am.ru](http://www.vtbcapital-am.ru), [www.vtbcapital-pr.ru](http://www.vtbcapital-pr.ru).

Brokerage services are provided by VTB Bank (PJSC).

All information about the terms and conditions of the bank's products and tariffs are available on the official website [www.vtb.ru](http://www.vtb.ru), as well as upon request in all VTB branches and subsidiary offices. The conditions are valid as of 11.12.2018.

VTB Bank (PJSC). General License of the Bank of Russia No. 1000. License of a professional participant of the financial market for broker activity No. 040-06492-100000, issued on 25.03.2003.

Brokerage and financial advisory services are provided by LLC VTB Capital Broker.

VTB Capital LLC Broker provides services exclusively on the territory of the Russian Federation on the basis of the relevant licenses of a professional securities trader: broker activity No. 045-12014-100000, dealer activity No. 045-12021-010000, and depositary activity No. 045-12027-000100, issued by the Federal Financial Markets Service on February 10, 2009 for an unlimited period of time.

Forex trading services are provided by VTB Forex.

VTB Forex has the license required for professional securities trader activity for operations of a forex dealer No. 045-13993-2000000. VTB Forex is a member of "Association of Forex Dealers", a self-regulatory organization (SRO AFD). VTB Forex is regulated by the Internal Standards of the SRO AFD, as well as the Basic Standards approved by the Bank of Russia.

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