

May 1, 2015

# Financial Technology Partners LP FTP Securities LLC

Transaction Profile:



*acquires*

# covestor

*Courtesy of:*



***The Only Investment Bank  
Focused Exclusively on Financial Technology***

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# Interactive Brokers Group Acquires Covestor

## Transaction Overview

**Interactive Brokers' acquisition of Covestor follows a flurry of transaction activity in the online personal wealth management space including both M&A and large capital raises**

### Transaction Overview

- On April 23, 2015 Covestor announced that it has entered into an agreement to be acquired by Interactive Brokers Group
  - The deal has been approved by the boards of both companies and it is expected to close in the second quarter of 2015
  - Terms of the acquisition were not disclosed
- Covestor is an online investing marketplace that offers both active and passive investment options while Interactive Brokers is the largest U.S. electronic broker as measured by daily average revenue trades
  - Covestor's investors include Union Square Ventures, Spark Capital, Amadeus Capital and Bay Partners
- This transaction follows a flurry of M&A activity in the online personal wealth management space including Fidelity Investments' purchase of [eMoney Advisor](#), Northwestern Mutual's acquisition of [LearnVest](#) and Envestnet's acquisition of [Upside](#); in addition, as detailed on page 5, a number of companies in the space have recently conducted large capital raises including [Acorns](#), [Betterment](#), [Wealthfront](#), [Personal Capital](#), [Motif](#) and [Nutmeg](#), among others

### Transaction Rationale

- This transaction helps solidify Interactive Brokers' position as a leading electronic trading and investor platform serving consumers, wealth advisors and money managers
- The deal will expand Interactive Brokers' capabilities in building a marketplace that brings together multiple market constituents while offering additional products and services
- By joining with Interactive Brokers, Covestor will be able to leverage Interactive Brokers' large customer base and rapidly add more portfolio managers to Covestor's marketplace, provide additional asset classes to clients and expand its offerings globally

### Commentary

*"Covestor brought the convenience, transparency and cost comparison capabilities that online marketplaces provide to the financial services sector. We developed our marketplace so that people could easily search for, compare and select investment strategies from multiple money managers. We are now joining Interactive Brokers' marketplace to bring more products to more people around the globe."*



– Asheesh Advani  
CEO of Covestor

*"We are creating a marketplace that brings investors, wealth managers and money managers together. The acquisition of Covestor is a positive development toward making Interactive Brokers the premier global platform for investors, advisors, hedge funds and money managers to find each other."*



– Thomas Peterffy  
CEO of  
Interactive Brokers Group

Source: Company press releases, Wall Street Journal, Capital IQ, FT Partners' proprietary transaction database.

# Interactive Brokers Group Acquires Covestor







## Covestor Overview

**Covestor's proprietary technology enables consumers to compare portfolio managers on the platform and seamlessly mirror their actual trades**

### Covestor Overview

CEO:	Asheesh Advani
Headquarters:	Boston, MA
Employees:	30
Founded:	2008
<ul style="list-style-type: none"> <li>■ Covestor provides an automated service that allows users to mirror experienced investors' trades                             <ul style="list-style-type: none"> <li>– Users compare portfolio managers and find one or more whose investment style matches their preferences</li> </ul> </li> <li>■ The Company has a subscriber base of over 50,000 and has surpassed \$1 billion in cumulative trade volume since its founding in 2008</li> <li>■ Depending on the manager and specific portfolio, Covestor charges a fee of between 0% to 2% of the assets in each Covestor account, which it splits 50/50 with the manager</li> </ul>	

### Financing History

Announce Date	Size (\$ mm)	Investors
06/07/13	\$13.0	  
08/18/11	4.0	Undisclosed Investors
02/18/10	3.6	Undisclosed Investors
04/07/08	6.5	  
06/04/07	1.0	Undisclosed

### Covestor Portfolio Options

Core Portfolios	Satellite Portfolios	Covestor Qualified Portfolios
<p>Managers providing these low-cost portfolios utilize ETF-only rebalancing strategies providing market index exposure</p> <p>Fees range between 0% and 1% of managed assets and investment minimums between \$5,000 and \$20,000</p>	<p>These portfolios are actively run by portfolio managers who utilize various trading strategies and different risk profiles to provide alpha</p> <p>Fees range between 0.5% and 2% of managed assets and investment minimums between \$10,000 and \$500,000</p>	<p>Only accredited investors can invest in Covestor Qualified portfolios, however, these portfolios are able to utilize hedge-fund-like strategies to increase alpha</p> <p>Management fees, plus performance fees, and investment minimums starting at \$500,000</p>

Source: Company website, Capital IQ, FT Partners' proprietary database.

# Interactive Brokers Group Acquires Covestor

## Interactive Brokers Overview

### Interactive Brokers Overview



**CEO:** Thomas Peterffy  
**Headquarters:** Greenwich, CT  
**Employees:** 960  
**Founded:** 1977

- **Interactive Brokers Group operates as an automated electronic broker and market maker**
  - The Company is involved in routing orders, executing trades and processing trades across multiple asset classes on approximately 100 exchanges
  - Also provides bid / ask quotes on approximately one million securities and futures products
- **The Company has offices across North America, Asia and Europe and executes nearly one million trades per day**

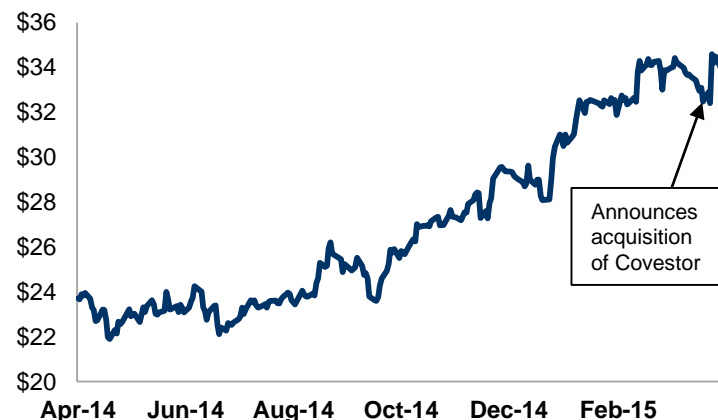
### Key Metrics

<b>Market Cap (mm)</b>	\$1,985.2
<b>2014 Revenue (mm)</b>	\$1,043.3
<b>2015E Revenue (mm)</b>	\$1,166.3
<b>2014 EPS<sup>(1)</sup></b>	\$0.77
<b>2015E EPS<sup>(1)</sup></b>	\$0.72
<b>2015E P/E</b>	47.2x

### Selected Previous Transactions

Announce Date	Target	Type	(\$ mm)	Comments
03/11/09	 <b>QUADRISERV</b>	Financing	\$34	Invested along with Bessemer Venture, ISE Holdings, SunGard and Renaissance Technologies
11/20/07	 <b>FUTURETRADE</b>	M&A	na	Acquired FutureTrade Technologies
04/19/06	<b>ISE Stock Exchange</b>	Financing	32	Invested along with Citadel Derivatives, Bear Sterns, Deutsche Bank, JP Morgan, Knight Capital Group and Sun Trading
03/16/06	<b>OneChicago</b> ✕	M&A	na	Acquired OneChicago

### Stock Performance



# Interactive Brokers Group Acquires Covestor

## Selected Personal Wealth Management Transactions

Announce Date	Size (\$ mm)	Target	Investors / Acquirers	Announce Date	Size (\$ mm)	Target	Investors / Acquirers
04/23/15	na*	 covestor	Interactive Brokers Group	07/14/14	\$1.1	 UPSIDE	Cultivation Capital; Six Thirty
04/23/15	\$1.0	 SIGFIG	NYCA Partners	06/25/14	32.0	 nutmeg	Schroders; Balderton Capital
04/20/15	39.0	 etoro <small>Trading Starts Here</small>	CommerzBank; Ping An Venture Capital; Sberbank Fund	05/21/14	15.5	 FutureAdvisor	Canvas Ventures; Sequoia Capital
04/02/15	30.0	 acorns	e.ventures; Garland Capital; Greycroft Partners; Math Venture Partners; Sound Ventures	05/08/14	35.0	 motif INVESTING	JP Morgan Chase; Wicklow Capital; Balderton Capital; Goldman Sachs; Foundation Capital; Ignition Partners; Norwest Venture Partners
03/25/15	na*	 LEARNVEST™	Northwestern Mutual	04/22/14	3.0	 WEALTHACCESS	SixThirty; Council & Enhanced TN Fund
02/26/15	na*	 UPSIDE	Envestnet	04/15/14	28.0	 LEARNVEST™	Northwestern Mutual Capital; Accel Partners
02/17/15	60.0	 Betterment	Francisco Partners	04/15/14	32.0	 Betterment	Citi Ventures; Bessemer Venture Partners; Menlo Ventures; Anthemis Group; Globespan Capital Partners; Northwestern Mutual Capital
01/20/15	40.0	 motif INVESTING	Renren	04/03/14	35.0	 wealthfront	Ribbit Capital; The Social+Capital Partnership; Index Ventures; Greylock Partners; DAG Ventures
11/23/14	27.0	 etoro <small>Trading Starts Here</small>	BRM Group; Ping An Capital; SBT Venture Capital; Spark Capital Partners	03/12/14	5.5	 acorns	Jacobs Asset Management
10/29/14	50.1	 PERSONAL CAPITAL	Corsair Capital; BBVA Ventures; USAA Investment Management Company; IVP; Venrock; Crosslink Capita	02/11/14	1.5	 WEALTHACCESS	na
10/28/14	64.2	 wealthfront	Spark Capital; Dragoner Investment Group; Index Ventures; DAG Ventures; Greylock Partners; Ribbit Capital; The Social+Capital Partnership	01/28/14	na	 nutmeg	na
08/14/14	na	 WEALTHACCESS	Cultivation Capital	01/14/14	0.7	 FlexScore	na

Source: Company websites, Capital IQ, FT Partners' proprietary transaction database.

\* Denotes an acquisition

# Interactive Brokers Group Acquires Covestor

## Selected Personal Wealth Management Transactions (cont.)

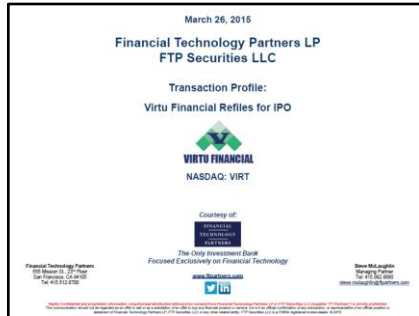
Announce Date	Size (\$ mm)	Target	Investors / Acquirers	Announce Date	Size (\$ mm)	Target	Investors / Acquirers
07/26/13	\$16.5	 LEARNVEST™	American Express; Capital Alignment Partners; Accel Partners	05/01/12	\$8.0	 SIGFIG	DCM
07/15/13	na	 nutmeg	na	03/08/12	15.0	 etoro <small>Trading Starts Here</small>	BRM Group; Spark Capital Partners
07/02/13	15.0	 SIGFIG	Bain Capital Ventures; Union Square Ventures	08/31/11	4.0	 covestor	na
06/13/13	13.0	 covestor	Bay Partners; Union Square Ventures; Amadeus Capital Partners Limited; Spark Capital	08/26/11	20.0	 PERSONAL CAPITAL	Institutional Venture Partners; Venrock
06/05/13	27.0	 PERSONAL CAPITAL	BlackRock; Crosslink Capital; Venrock; IVP; Correlation Ventures	07/25/11	20.0	 motif INVESTING	Foundation Capital; Ignition Partners; Norwest Venture Partners
04/01/13	1.5	 FlexScore™	na	05/27/11	19.0	 LEARNVEST™	Circle Financial Group; Rose Tech Ventures; Accel Partners; PKS Capital; Richmond Management
03/20/13	20.0	 wealthfront	Index Ventures; The Social+Capital Partnership; Greylock Partners; DAG Ventures	12/29/10	8.3	 etoro <small>Trading Starts Here</small>	Spark Capital Partners; BRM Group; Social Leverage
02/28/13	25.0	 motif INVESTING	Goldman Sachs; Foundation Capital; Ignition Partners; Norwest Venture Partners	12/01/10	3.0	 Betterment	Betterment's Angel Investors & Thomas Lehman; Bessemer Venture Partners; NOAH Private Wealth Management; Anthemis Group
10/03/12	10.0	 Betterment	Menlo Ventures; Bessemer Venture Partners; Anthemis Group	06/08/10	2.4	 etoro <small>Trading Starts Here</small>	BRM Group; Cubit Investments; Social Leverage
08/22/12	5.0	 FutureAdvisor	Sequoia Capital	04/01/10	4.5	 LEARNVEST™	Accel Partners; Richmond Management; Rose Tech Ventures; Circle Financial Group
06/18/12	5.3	 nutmeg	Pentech Ventures	03/05/10	3.6	 covestor	na

Source: Company websites, Capital IQ, FT Partners proprietary transaction database.



# Overview of FT Partners

## Selected FT Partners' Securities & Capital Markets Technology Research (click to view)



Virtu Financial Refiles for IPO



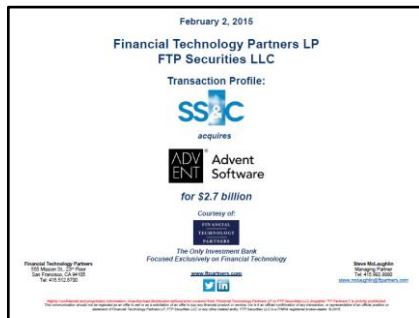
Northwestern Mutual Acquires LearnVest



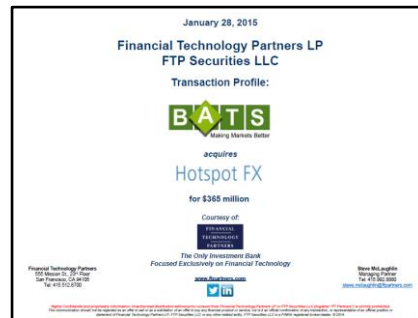
Dataminr Raises \$130 mm in Financing



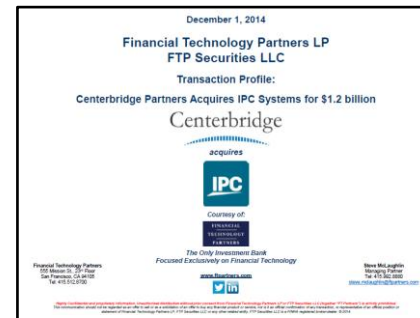
Betterment Raises \$60 mm in Financing



SS&C Acquires Advent Software for \$2.7 bn



BATS Acquires HotSpot FX for \$365 mm



Centerbridge Acquires IPC Systems



The Carlyle Group Acquires Dealogic

*FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 13 years of exclusive focus on Financial Technology. Please visit our [subscription form](#) to subscribe to our exclusive monthly newsletter and receive our research reports.*

# Overview of FT Partners

## FT Partners is the Leader in Financial Technology Investment Banking

**FT Partners has advised on the most prominent transactions in the Securities and Capital Markets Technology sector**

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**ShareholderInSite**

in its sale to

**IPREO**

FINANCIAL TECHNOLOGY PARTNERS  
The Only Investment Bank  
Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**Alpha**

in its acquisition by

**TMX Maple Group**

valued at approximately

**\$ 175,000,000**

FINANCIAL TECHNOLOGY PARTNERS  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**THE MARKETS.com**

in its sale to

**Capital IQ**

A Division of Standard & Poor's

for total consideration of approximately

**\$ 300,000,000**

FINANCIAL TECHNOLOGY PARTNERS  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**INSTINET**

in the sale of its stake in

**CHIX EUROPE**

to

**BATS**

for total consideration of approximately

**\$ 305,000,000**

FINANCIAL TECHNOLOGY PARTNERS  
The Only Investment Bank  
Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**WOMBAT**

FINANCIAL SOFTWARE

in its sale to

**NYSE Euronext**

for total consideration of approximately

**\$ 225,000,000**

FINANCIAL TECHNOLOGY PARTNERS  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**MERGENT**

In the sale of its 100% business to

**NASDAQ OMX**

FINANCIAL TECHNOLOGY PARTNERS  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**TORA**

TECHNOLOGY, TRADING, LIQUIDITY.™

In its minority capital raise with

**Goldman Sachs Bank of America Merrill Lynch**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**liquidnet**

in its financing for approximately

**\$ 250,000,000**

valued at approximately

**\$ 1,800,000,000**

FINANCIAL TECHNOLOGY PARTNERS  
The Only Investment Bank  
Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**chi-x**

In its sale of a minority stake to

**Bank of America Merrill Lynch GETCO Morgan Stanley QUANTLIB FINANCIAL LLC**

FINANCIAL TECHNOLOGY PARTNERS  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**MarketAxess**

In its minority capital raise with

**TCV**

for approximately

**\$ 35,000,000**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**TradingScreen**

SIMPLYING GLOBAL MARKETS™

In its minority recapitalization for

**\$ 110,000,000**

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The Only Investment Bank  
Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
is pleased to announce its exclusive role as sole strategic and financial advisor to

**ENVESTNET**

in its

**\$69,000,000 Initial Public Offering**

valuing the equity at approximately

**\$ 300,000,000**

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Focused Exclusively on Financial Technology

FINANCIAL  
TECHNOLOGY  
PARTNERS



# Overview of FT Partners

## Award-Winning Investment Banking Franchise Focused on Superior Client Results

*FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition*



M&A Advisor Awards

- |      |  |
|------|--|
| 2014 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Deal of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100mm</li> </ul>  |
| 2012 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100 mm</li> </ul>   |
| 2011 | <ul style="list-style-type: none"> <li>■ <b>Boutique Investment Bank of the Year</b></li> <li>■ Deal of the Decade</li> <li>■ <i>10 Deal of the Year Nominations Across 9 Categories</i></li> </ul>  |
| 2010 | <ul style="list-style-type: none"> <li>■ <b>Upper Middle Market Deal of the Year, Above \$500 mm</b></li> <li>■ IT Services Deal of the Year, Below \$500mm</li> <li>■ Cross-Border Deal of the Year, Below \$500mm</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ Business to Business Services Deal of the Year</li> <li>■ Computer and Information Technology Deal of the Year, Above \$100mm</li> <li>■ Financial Services Deal of the Year, Above \$100mm</li> </ul> |



- |           |   |
|-----------|---|
| 2006-2008 | <ul style="list-style-type: none"> <li>■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology</li> </ul> |
|-----------|---|



Middle Market Financing Awards

- |      |  |
|------|--|
| 2008 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ <b>Information Technology Deal of the Year</b></li> <li>■ <b>Financial Services Deal of the Year</b></li> </ul> |
| 2006 | <ul style="list-style-type: none"> <li>■ <b>Financing Professional of the Year – Steve McLaughlin</b></li> <li>■ <i>Financing Deal of the Year - Equity</i></li> <li>■ <i>Financing Deal of the Year - Debt</i></li> </ul>           |

Note: **Bold** represents awards that FT Partners has won, *italics* represents nominations.