Creating impact in your community with the change in your wallet
Executive Summary

$17M invested through CNote platform
Over 800 jobs created & 120 small businesses /entrepreneurs funded

Opportunity

- Millennials will control $24T by 2020
- Cash & cash-equivalents asset class has room to grow with little competition
- $600M funding shortfall facing CDFI industry

CNote Values

- Narrow the wealth gap and increase financial inclusion
- Focus on technology-enabled impact
- Investment in under-served communities with local CDFI involvement

Solutions

- Transparency & Awareness
  Develop Mobile Application
- Access through Partnerships
  Integrate with socially-responsible businesses through employee benefit programs
- Expand Product Offering
  Create product for customers seeking a higher return
MARKET OVERVIEW
Current State of Impact Investing

Asset Allocations by Instrument

- **Other instruments**: 2,160
- **Private debt**: 25,497
- **Public debt**: 1,975
- **Equity-like debt**: 5,900
- **Deposits & cash equivalents**: 1,030
- **Real assets**: 4,764
- **Public equity**: 4,179
- **Private Equity**: 25,547

Source: GIIN Annual Survey

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**Recommendations**

- **Current State**
- **Implementation**
The Millennial Sustainable Investor

“As millennials begin to engage with wealth and asset managers, they will continue to disrupt the industry due to their sizeable population, inheritable wealth and preference for digital channels of communication.”*

- 84% of millennials cite investing with a focus on ESG impact as a central goal
- + 2 billion people by 2050
- $30 trillion of inheritable wealth
- 18% Assets Under Management
- 107.4% growth Since 2012

*Source: “Sustainable investing: the millennial investor”, EY
CUSTOMER SEGMENTATION
Target Segment for Mobile Application: Millennial Maya

Millennial Need
Desire to be connected digitally

C-Note Driver
Current platform is web-based

Recommendation to Fulfill Need
Mobile Application
Target Segment for Business Partnership: Working Will

Millennial Need
Demand for double bottom line

C-Note Driver
Desire to increase user base

Recommendation to Fulfill Need
Business Partnership via Benefits Programs
Target Segment for Opportunity Zones: Ambitious Abby

**Millennial Need**
Invest in local community

**C-Note Driver**
Attract more diverse investors

**Recommendation to Fulfill Need**
Opportunity Zones
RECOMMENDATION #1: Mobile Application
Mobile Application

In order to increase CNote’s user base, a streamlined convenient application is required to attract consumers to keep pace with CNote’s primary competitors.
Benefits of the Mobile Application

**Social Benefits**

- **Community** to connect. Impact Investors; See other’s causes + Invest

- **Value-driven** investing; Select similar investments based on ideals that matter to investors

- **Transparency** of investment through “Track Dollar” feature to show where the money is spent

**Financial Impact**

- **$83 million**
- Tapered user growth rate
- Min. $5 investment

Current State | Recommendations | Implementation
RECOMMENDATION #2: Business Partnerships
Integration with Businesses

By integrating with corporations’ employee benefit programs, CNote will serve as an alternative to a traditional savings account. Employees will be encouraged to auto-deposit part of their paychecks to a CNote account, with an employer match.

**Consumer Benefits**
- Millennials demand a double bottom line
- Want values of their employer to match their own

**Employer Benefits**
- Evolving benefits to attract millennials
- Defines a genuine purpose, which employees want

**Alternative to Savings Account**
- Lowest savings pace in 10 years
- Low personal savings rate – 6.6% (Aug 2018)

**Business Model**
- Appeals to Target Segments
- Low-touch model; increases user base

**Potential Employee Targets**
- Socially-Conscious Companies
  - Starbucks
- Financial Services
  - American Express
  - H&R Block
- Technology
  - Cisco
  - Intuit
Case Study: Starbucks

Mission: To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

9,684
NA Company Owned Stores
(As of Sep 30, 2018)

170,000
America’s employees
Source: Forbes

Source: Starbucks

Partner Networks helping connect them to growth opportunities and ways to serve communities.

Existing benefits plan with company match

Starbucks Benefits & Perks

C-Note B2B Partnership

Current State
Recommendations
Implementation

Note B2B
Benefits of the Business Partnerships

**Social Benefits**

- **Double bottom line** – Employees offered an impactful alternative to a traditional saving account
- **Values** aligned between employer and employee; Benefit offering aligns to company mission
- **Shared Community** is established between employees; Employees can choose to see others causes

**Financial Impact**

- **Min $100 investment**
- **Tapered user growth rate**
- **$537 million**
- **Employer matching min. $100 investment**
RECOMMENDATION #3: Opportunity Zones
Future Growth - Opportunity Zones

What is it?
Opportunity Zones are 8,700 low-income community census tracts across all 50 U.S. states

Why is this important?
Through recent U.S. legislation, private investment in the form of capital gains can be invested in Opportunity Zones with extensive tax benefits

How will this take shape?
Investment vehicles will be created to gather and deploy capital in Opportunity Zones with an emphasis on creating impact and generating a financial return

How can this benefit CNote?
With a new Opportunity Zone product offering, CNote can expand its impact in local communities and appeal to prospective customers who are looking for greater impact with a higher financial return
Case Study – Opportunity Zone in Centre County, PA

Opportunity Zone
Facts:
Location – Centre County, PA
Total Population – 5,268
Households in poverty – 77%

Community Needs:
- Affordable Housing
- Child Care
Benefits of Opportunity Zones

Fulfillment of Community Needs:

- Social Benefits
  - Small business creation & development
  - Affordable & mixed-used housing
  - Development of Infrastructure

Financial Impact

- $380 million
- $3.8T in unrealized household capital gains
- Assume CNote captures 1bps
## Evaluation of Solutions against CNote’s Criteria

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Do Nothing</th>
<th>Mobile Application</th>
<th>Business Partnerships</th>
<th>Opportunity Zones</th>
<th>Integrate with Banks</th>
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<tbody>
<tr>
<td>Access to new users?</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td>Will existing investors benefit from this solution?</td>
<td>No</td>
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<tr>
<td>Would the frequency and value of the investments increase?</td>
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<tr>
<td>Will this increase financial inclusion?</td>
<td>No</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Does this focus on technology-enabled impact?</td>
<td>No</td>
<td>✓</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Increase investments in underserved communities through CDFIs?</td>
<td>No</td>
<td></td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

### Evaluation Criteria

- **Suitable for CNote**

### Implication

Building out a **mobile application**, integrating with businesses as a **benefit offering**, and providing a **new stream for investment opportunities** are the best next steps for CNote to access a new set of users and increase the number of investments.
Implementation Plan

Our strategy over the next ten years is focused on the following phases:

- Mobile Application Development
- Mobile Application Roll-Out
- Business Partnerships
- Opportunity Zones

$1 Billion in investments

$133 Million
Growth in Investments via CNote over 10 years

Year
1 2 3 4 5 6 7 8 9 10
Investment $ 0 20000000 40000000 60000000 80000000 100000000 120000000 140000000

- Mobile Application
- Business Partnerships
- Opportunity Zones

Current State  Recommendations  Implementation
Summary of Recommendations

Benefits

**CNote Mobile Application**
By developing a mobile application, CNote will increase customer engagement, outline transparency of each investment dollar, and foster strong connections within the CNote community.

**Business Partnerships**
Through integration with existing employee benefit offerings, CNote will encourage individuals to attribute a portion of their paycheck to impact and meet company efforts to contribute to socially responsible causes.

**Opportunity Zone Product**
Expanding CNote’s current product offering will attract new users looking for a greater financial return and capitalize on CNote’s current relationship with CDFIs.
Thank You & Questions
Appendix
## Constraint Analysis

<table>
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<tr>
<th>Solutions</th>
<th>$</th>
<th>Info/ Tech</th>
<th>Strategy</th>
<th>People</th>
<th>Legal</th>
<th>Ethical</th>
<th>Politics</th>
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<td>Mobile Application</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Partnerships</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>○</td>
<td></td>
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<td>Opportunity Zones</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
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</tbody>
</table>

- ● Constraint applies
- ○ Constraint partially applies
# Financial Projections – Mobile Application

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>End of 10 Year Total</th>
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<tr>
<td>Growth Rate</td>
<td>75%</td>
<td>50%</td>
<td>25%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Number of Users</td>
<td>500,000</td>
<td>875,000</td>
<td>1,312,500</td>
<td>1,640,625</td>
<td>1,804,688</td>
<td>1,894,922</td>
<td>1,989,668</td>
<td>2,089,151</td>
<td>2,193,609</td>
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<tr>
<td>$ Contributed per User</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<td>Mobile Application Annual Total</td>
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<td>4,375,000</td>
<td>6,562,500</td>
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<td>9,023,438</td>
<td>9,474,609</td>
<td>9,948,340</td>
<td>10,445,757</td>
<td>10,968,045</td>
<td>11,516,447</td>
<td>83,017,260</td>
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## Financial Projections – Business Partnership

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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<th>End of 10 Year Total</th>
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</thead>
<tbody>
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<td></td>
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<td></td>
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<td>Employer Match</td>
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<td>Business Partnerships Annual Total</td>
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# Financial Projections – Opportunity Zones

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<tr>
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<th>4</th>
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<td>38,000,000</td>
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<td>38,000,000</td>
<td>38,000,000</td>
<td>380,000,000</td>
</tr>
</tbody>
</table>
Cost to Create a Mobile Application
Contracting a mobile application development shop, such as Appster, will provide a high quality product at a reasonable cost with low risk.

- Maximum time to develop app: 6 months
- Maximum total app development cost: $250K
- Maximum annual app maintenance costs: $50K
Future Growth – Opportunity Zones

Opportunity Zone Facts:
- Sizeable Opportunity
- Emphasis on CDFIs
- Localized Impact

Benefits to CNote:
- Market Growth
- Leverage Existing Business Model
- Mission & Values Alignment

Target: Of the $6T in unrealized capital gains, $3.8T resides within US households. Through Opportunities Zones alone, CNote’s $1B goal can be achieved by tapping 3bps of this market.
Vehicles to Communicate Value to Market

Customer’s Needs

- Transparency
- Impact Focused
- Convenience

Our Vehicles for Delivering CNote

Social Influencers

Individual Investors

Business Development

Business Partners

Digital Media
We are going to be that groundbreaking school that will be a nationally recognized model for urban and public school excellence. Join me in funding similar dreams across the country through CNote.