

CNote: Financial Products for All

Closing the Wealth Gap Includes Everyone





Agenda

Opportunity

Operating
Model

Recommended
Approach

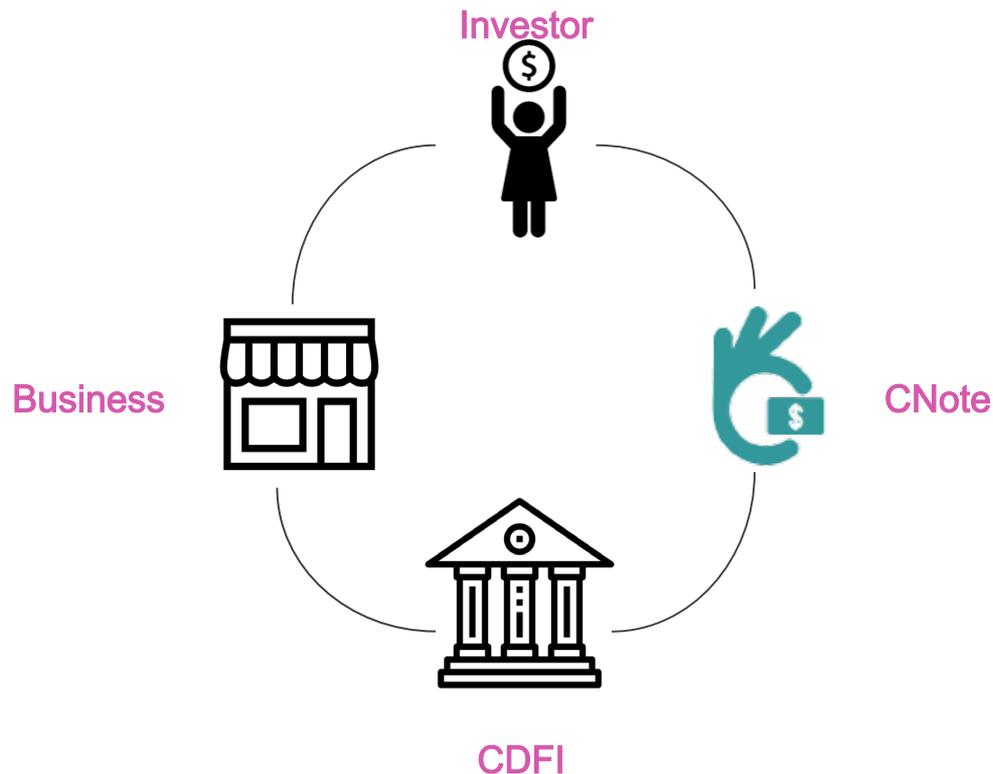
Risks

Impact



Closing the Wealth Gap

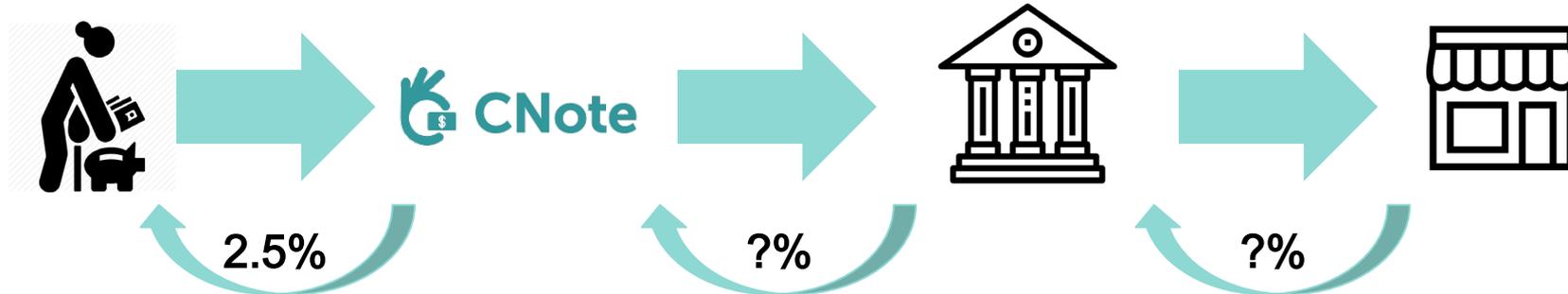
Growing AUM from \$17M to \$100M will increase social impact 5x, allowing CNote to serve 600+ businesses and create 4K+ jobs





Operating Model

Customers may question what makes CNote different or better than alternative savings or investment models



Are there more options beyond 2.5% and quarterly liquidity?

What is CNote?
Why haven't I heard of them?
How much do they make?
Why?

How much do CDFIs make?
How much do they need? Why?

Where is *my* money actually going? What impact does it make?



Approach

CNote can build on its strengths for future growth

Focus on the Customer

Target under-served investors such as millennial women and baby boomers

Update Product Portfolio

Tier earnings based on investment to incentivize increased investment size while still offering competitive returns

+

Increase Visibility

Partner with popular money management services to reach target customers

Promote Financial Transparency

State costs and financials at every stage to convince people to invest and inform customers about where their money goes



Focus on the Customer

CNote can increase its customer base by targeting millennial women and baby boomers who are under-served by the financial market and interested in impact

\$72T

Assets controlled
by women in 2020



\$24T

Assets controlled by
millennials in 2020

4 out of 5 customers

Interested in “sustainable” investing

Baby Boomers

- **Ages:** ~54-72 years old
- **Capital:** Able to invest and save patient capital with long -term horizon
- **Priorities:** Retirement savings and legacy
- **Advisory:** Prefer personal financial advisor
- **Looking for impact:** Nearly half of baby boomers are interested in impact investing causes, especially healthcare



- **Ages:** ~22-36 years old
- **Capital:** Cannot reach the typical \$10K investment minimum for a managed account
- **Priorities:** Emergency savings and debt payoff
- **Advisory:** Trust AI-driven financial advisors
- **Information -hungry:** Half of millennial women say fear or lack of information keeps them from investing

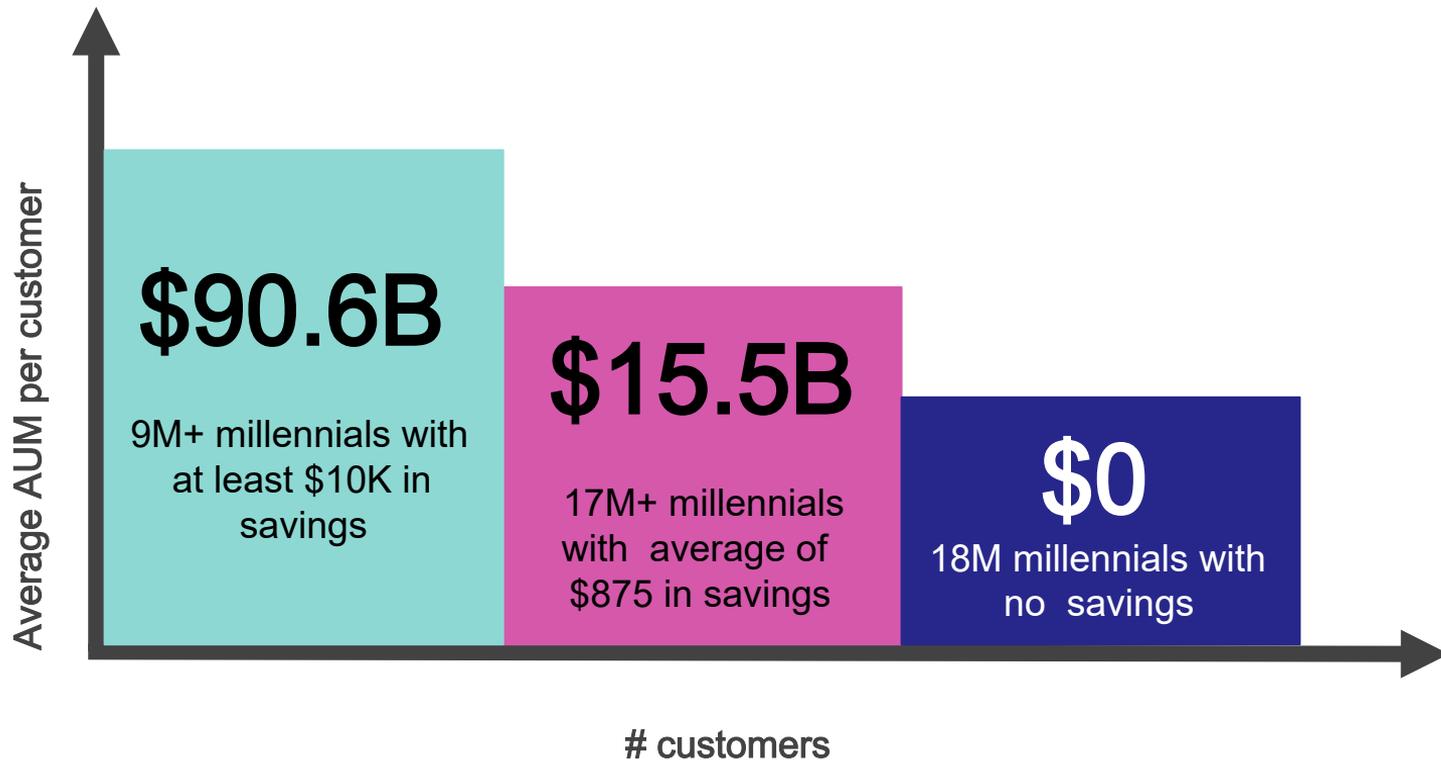


Millennial Women



Reaching the Goal

Savings held by the target customers isn't the problem for CNote to reach their \$100M AUM goal





Update Product Portfolio

Offering greater liquidity and tiered products will attract customers who need cash-on-hand, increasing CNote's assets under management

Tiered Product Offering

- Incentivizes increased investment amounts
- All earnings are greater than traditional cash alternatives, serving broad customer needs
- Tiers chosen based on median savings for the targeted ages and income levels

Limitless Access to Money

- Investor can liquify their investment at any time
- No-penalty withdrawals remain quarterly
- Penalties will be introduced to mitigate risk of frequent withdrawal; 3 months' earning penalty aligns with competitive CD early withdrawal rates

Example Tiered Product Offering		
Amount Invested	Expected Annual Earnings	Early Withdrawal Penalty
< \$1,000	2.35%	3 months' earnings
$\$1,000 \leq$ Investment < \$25,000	2.45%	
$\geq \$25,000$	2.5%	



Increase Visibility

Partnering with money management services to increase product and brand awareness positions CNote a step away from billions in assets

Example Partner	How?	Why?	Customer
	<p>Market CNote to Mint users as a way to increase awareness and tout benefits over other savings accounts</p>	<p>Idle savings are looking for better opportunities -- average savers have 17k of savings totalling \$30B</p>	
	<p>Embed the CNote product within Acorn's 5 investment platforms, acting as the cash balance for liquidity needs</p>	<p>This no minimum, micro-investing platform with over 3M users and \$800M in assets is a perfect match for CNote both operationally and financially</p>	
	<p>Embed product offering within Target Date Funds and offer as separate investment option</p>	<p>Vanguard has over \$650B in AUM within Target Date Funds; retirement funds are often planned and can manage CNote's quarterly liquidity requirements</p>	



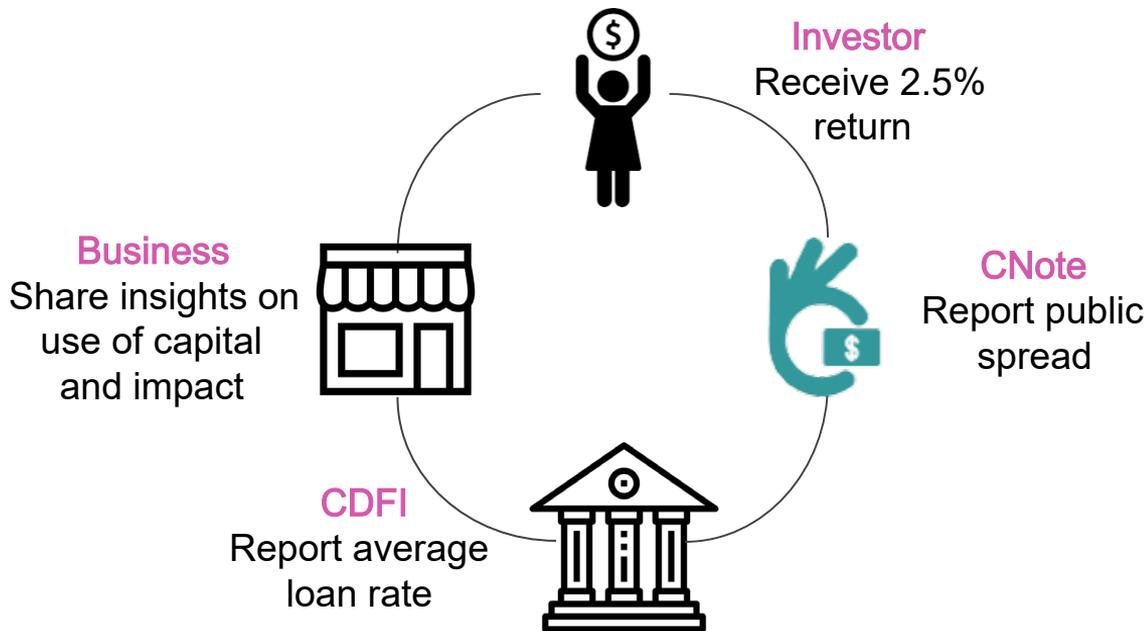
Promote Radical Financial Transparency

Full transparency reassures millennials that their money is making tangible contributions and convinces skeptics that they are receiving a fair ROI

Why?

- Millennials understand companies need to make a profit, but also value environmental and social impact
- Transparency develops brand loyalty: 3 out of 4 millennials are willing to pay more for sustainable brands

How? Transparency Across Transactions





Case Study: Everlane

CNote can learn from radical transparency in the retail sector

The Modern Loafer

The Cashmere Crew

The Elements Jacket

The Day Market Tote

Denim

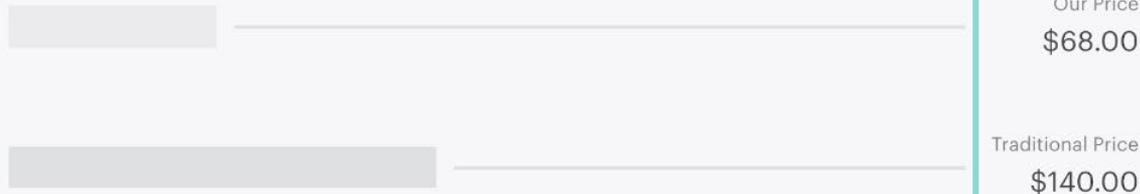
Our Cost Breakdown

We reveal the costs behind every aspect of our production process.



Our Price vs. Traditional

On average, traditional retailers mark their products up 5-6x. Us? Just 2-3x.





Comparables

Maximum rates on subsidized SBA loans

Maximum Interest Rates on SBA 7A Loans for November 2018

Loan Size:	Standard 7a (Repayment Term Less Than 7 Years)	Standard 7a (Repayment Term 7 Years or Greater)
Less Than \$25K	9.50% (5.25% base rate + 4.25% markup)	10.00% (5.25% base rate + 4.75% markup)
\$25k – 50K	8.50% (5.25% base rate + 3.25% markup)	9.00% (5.25% base rate + 3.75% markup)
Over \$50K	7.50% (5.25% base rate + 2.25% markup)	8.00% (5.25% base rate + 2.75% markup)



Risks

CNote can mitigate risks by evolving its operating model as AUM grow



Baby boomers hesitate to buy financial products that are not FDIC -insured



Market write -off rate as on par with FDIC institutions



Interest rates increase and CNote struggles to remain competitive



Increase blended rate by continuing to grow AUM and loaning out at current market rates



Money management services do not see the value of embedding CNote



Explore advertising purchase on sites such as Mint and financial management blogs



CDFIs do not share investment information and loan terms



As AUM increases CNote's buying power, make transparency a requirement for doing business



Social Impact

Increasing AUM to \$100M will enable CNote to amplify its social impact by 5x



4,000

Jobs created or
maintained

Over 600

Small businesses
and entrepreneurs
funded



1/3

Dollars invested in low -
or middle -income
communities

Q&A

