



TAGUS CAPITAL

# Em Terra estranha Boi é Vaca

*Brazil Fintech Meeting*

21 Abril 2023



Tagus is a UK-based asset management firm focused on delivering unique Web3.0 insights, risk management, and alpha-generating investments in the blockchain and digital asset space.

What makes  
Tagus different  
from other  
Blockchain  
Investors

01 UK-regulated Fund Manager

02 Unique approach of value creation vs value capture

03 Excellent Deal Flow – private equity + token warranties

04 Strong Risk Management

05 Great Team with international reach and experience

06 3 Theses: Infrastructure, Financial Services, and Metaverse



**Gui Silva, CFA**

EQUOS

HSBC 

UNIVERSITY OF  
OXFORD

20-year experience in corporate finance, capital markets, and technology. Global Head of Capital Markets at Blockchain EQUOS and Head of Blockchain Research Group at the University of Oxford's CTGA. Previously, Managing Director for HSBC in the UK, Spain, and Asia.



TAGUS CAPITAL

# Digital Assets: An overview

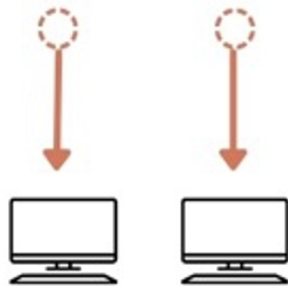


Web 1: 1989

Information  
Economy



Download

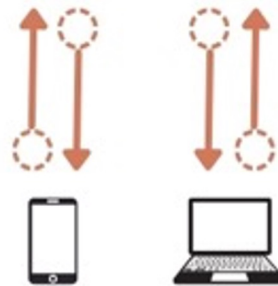


Web 2: 1999

Platform  
Economy



Download/Upload



Web 3: 2009

Token  
Economy



Download/Upload/Own

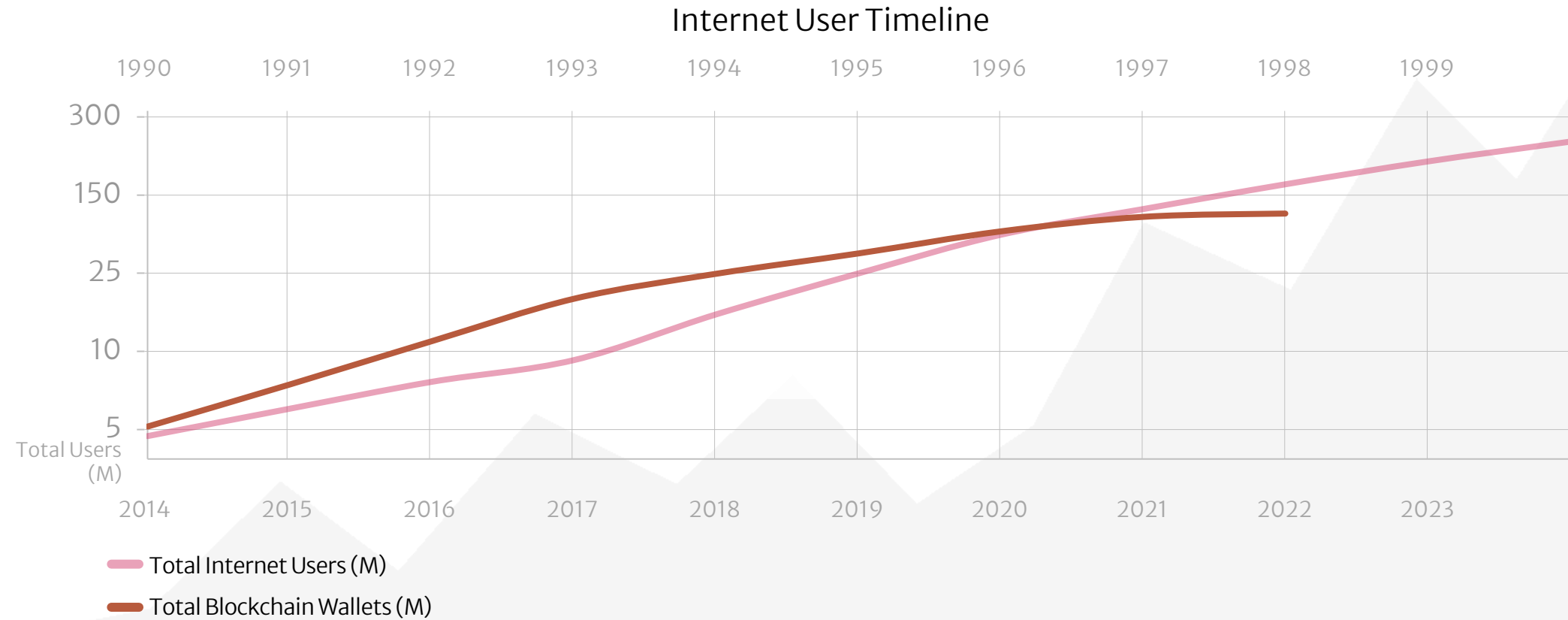




The crypto ecosystem has been growing exponentially and has recently gone mainstream

## Adoption Evolution vs. Blockchain Wallet Users vs Internet Users

Logarithmic scale, from 1990 to 2000 for internet users and from 2014 to 2022 for blockchain users



Sources: International Telecommunication Union ([via World Bank](#)), and [Blockchain.com](#); (September 2022).





Nobel Prize winner in Economics  
Paul Krugman (1998)

“The growth of the Internet will slow drastically, as the flaw in ‘Metcalfe’s law’—which states that the number of potential connections in a network is proportional to the square of the number of participants—becomes apparent: most people have nothing to say to each other!”

By 2005 or so, it will become clear that the Internet’s impact on the economy has been no greater than the fax machine’s.”



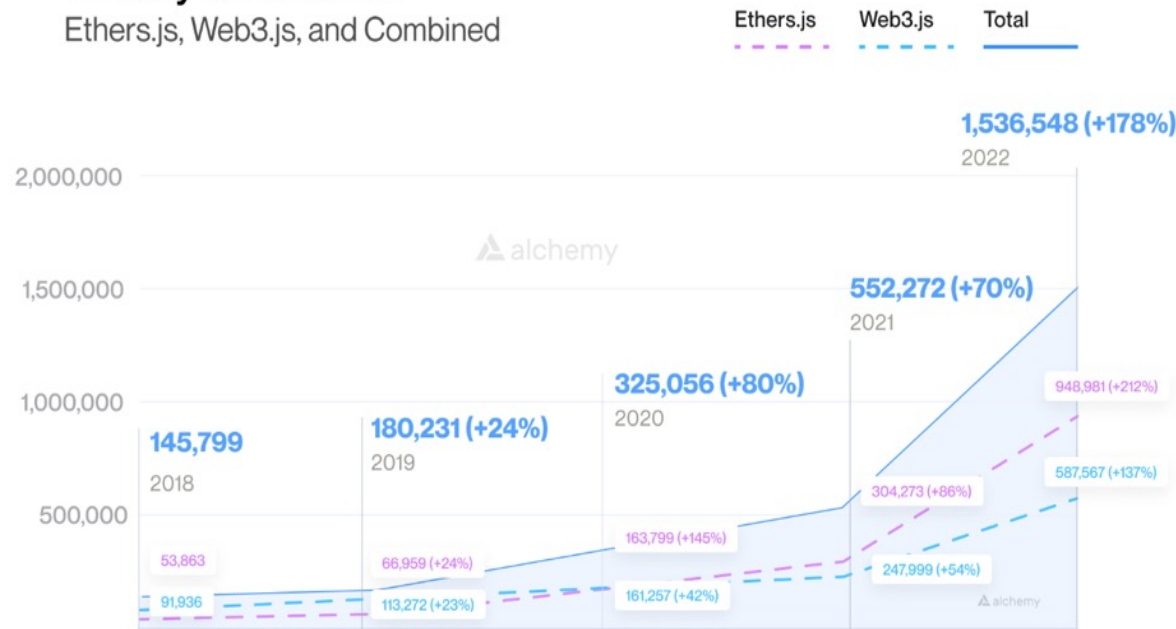


Despite a weak macroeconomic environment and market volatility, the adoption of blockchain technology continues at full speed

Web3 Development Report

## Weekly downloads

Ethers.js, Web3.js, and Combined



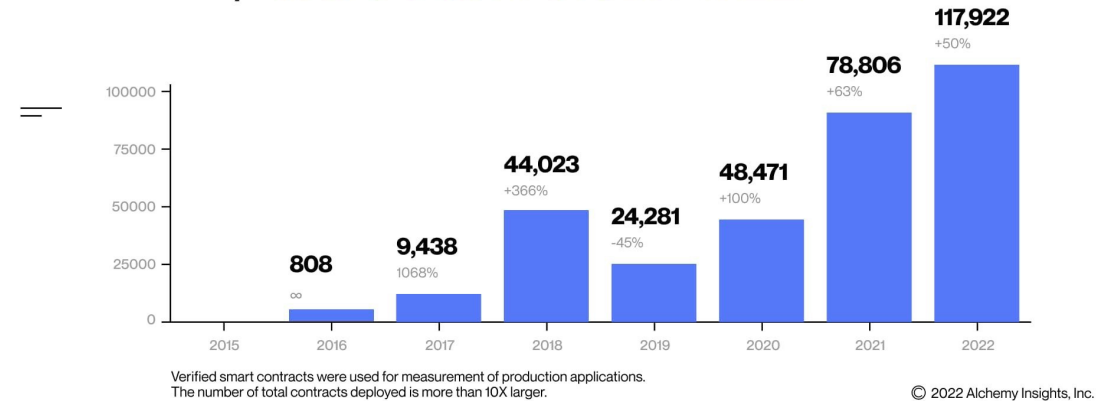
Weekly downloads by developers of web 3 libraries for reading blockchain data have increased 10 times since 2018 and tripled compared to November 2021 crypto highs. These libraries allow developers to build Web3 functionalities, access deposits into DeFi protocols, create NFTs, among others.

## The number of Decentralised Applications (dApps)

across all Blockchain's has increased 1,200% in the last 4 years from 1,000 (2018) to 12,495 in September 2022

Web3 Development Report

## Verified smart contract deployments are up more than 50% in 2022





Banks and Financial Institutions

Technology, Retail and Infrastructure

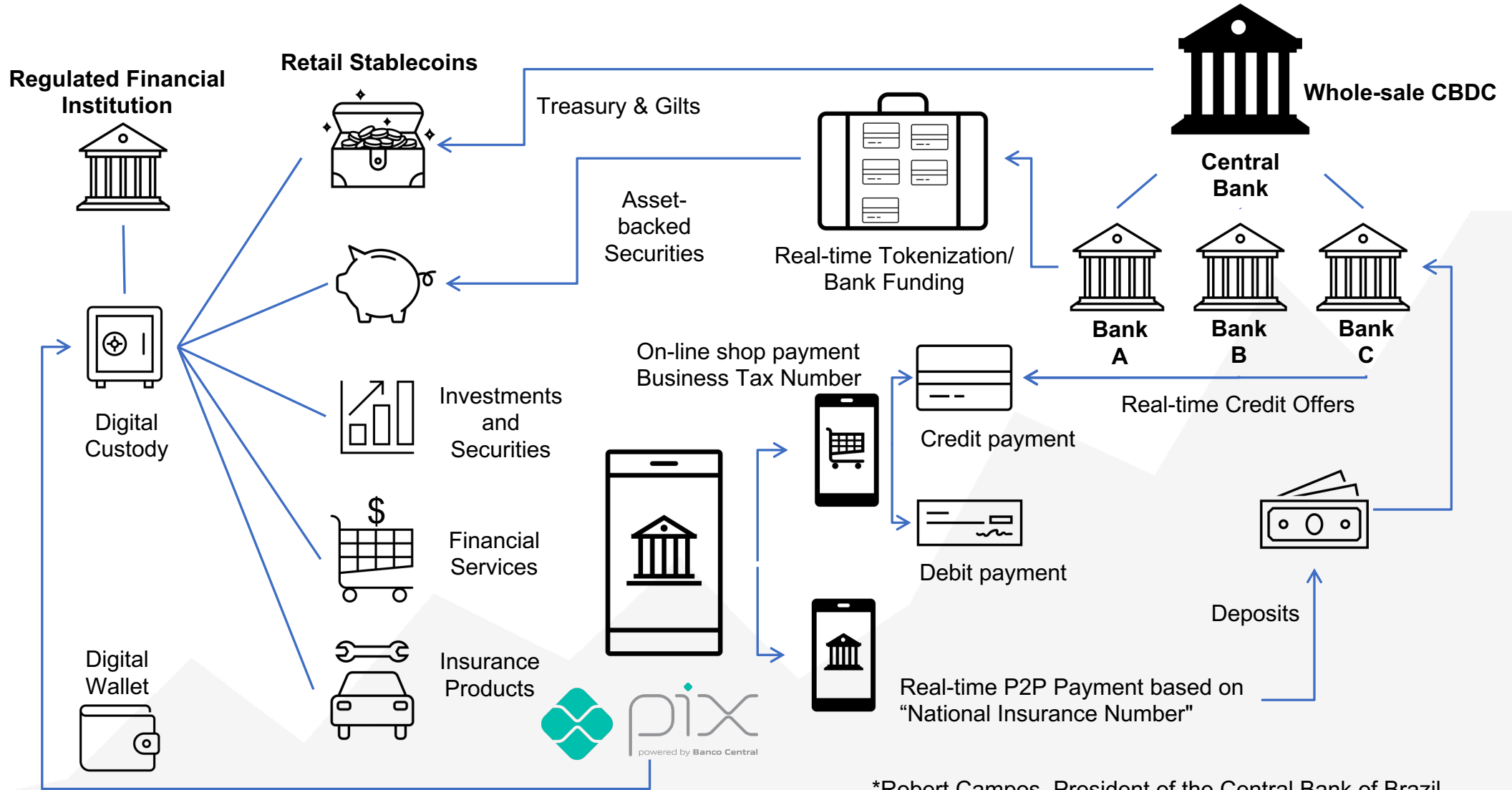
Pension & Endowment Funds

Fidelity, Cambridge Associates, Barclays, Morgan Stanley, J.P. Morgan, NYSE, Deutsche Bank, Citi, BlackRock, Ameritrade, Noregs Bank, HSBC, Nasdaq, Mastercard, Visa, Goldman Sachs, Swift, BNY Mellon, XP.

ORACLE, intel, SAMSUNG, Walmart, Uber, Twitter, IBM, TESLA, Square, Facebook, Microsoft, Google, WHOLE FOODS MARKET, Starbucks, amazon, DELL, UBISOFT, PayPal.

Yale University, HARVARD UNIVERSITY, MIT, DARTMOUTH COLLEGE, UNIVERSITY OF VIRGINIA, THE UNIVERSITY OF MICHIGAN, TUDOR.





\*Robert Campos, President of the Central Bank of Brazil



TAGUS CAPITAL

# A Brazilian living abroad for 20 years: some thoughts



## Roll's Royce



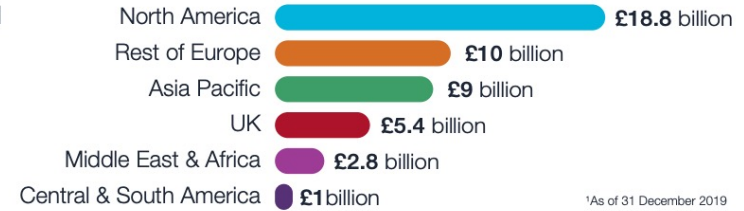
Built in the UK, 90% exported – mainly USA, China, the Middle East, and the rest of Asia



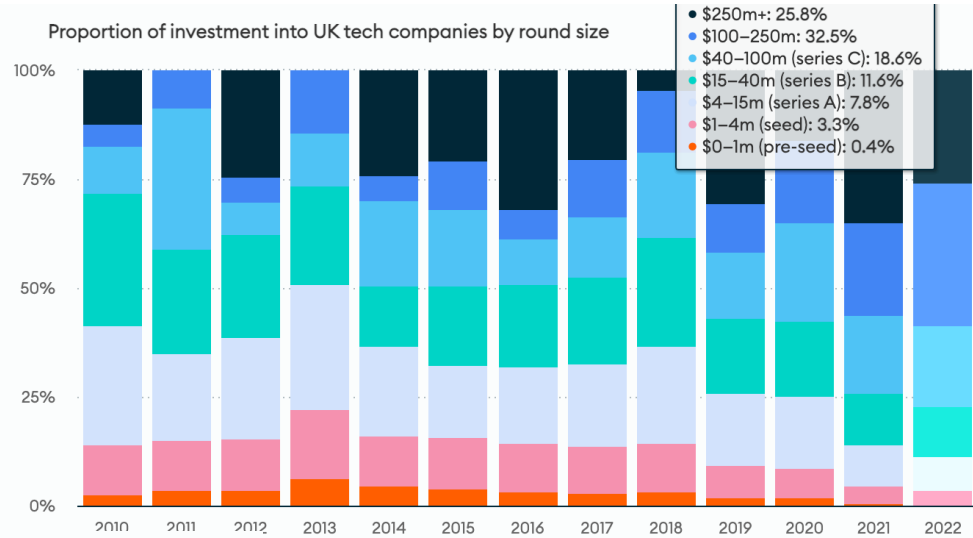
The UK is fourth in the world for tech investment at \$40.8bn, having achieved a record year in 2021 and an increase of nearly 20x since 2011 in venture capital funding

## Global hub for private capital

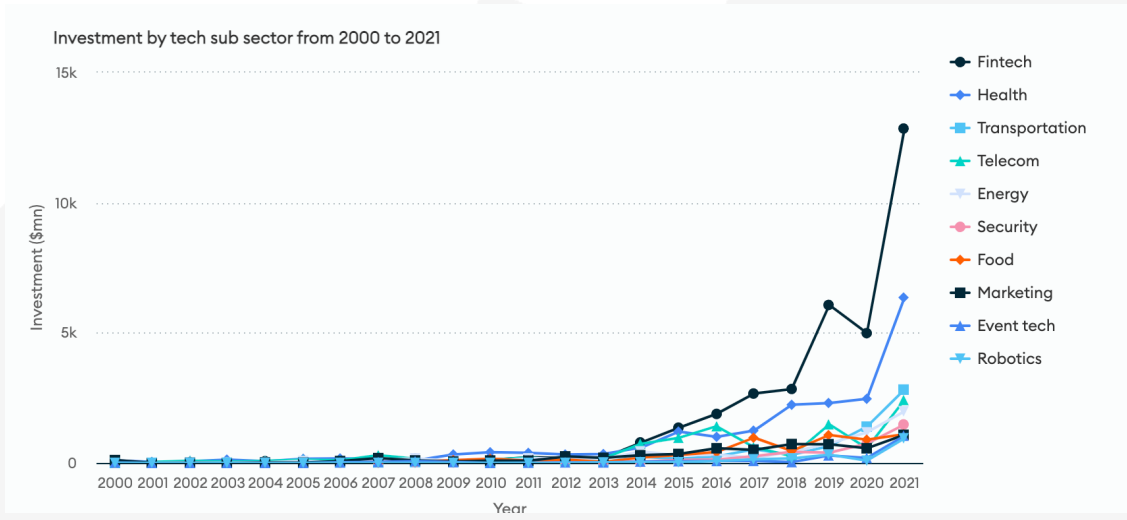
Funds raised in the UK by location of investor



<sup>1</sup>As of 31 December 2019



- \$250m+
- \$100-250m
- \$40-100m (series C)
- \$15-40m (series B)
- \$4-15m (series A)
- \$1-4m (seed)
- \$0-1m (pre-seed)





PLANNING



EXECUTION



MARKETING & SALES

They are all equally important for a successful business – interesting story...





**RED FLAG ACT 1865**

it takes time for regulators in any industry to understand innovation and appropriately create safeguards



Charles S Rolls  
Peugeot Horseless Carriage

instead of thinking about seat belts and traffic lights, regulators required 1865 car owners to hire people to run in front of their cars holding red flags to warn pedestrians and increase road safety (The Red Flag Act, 1865)



TAGUS CAPITAL

# Thank you

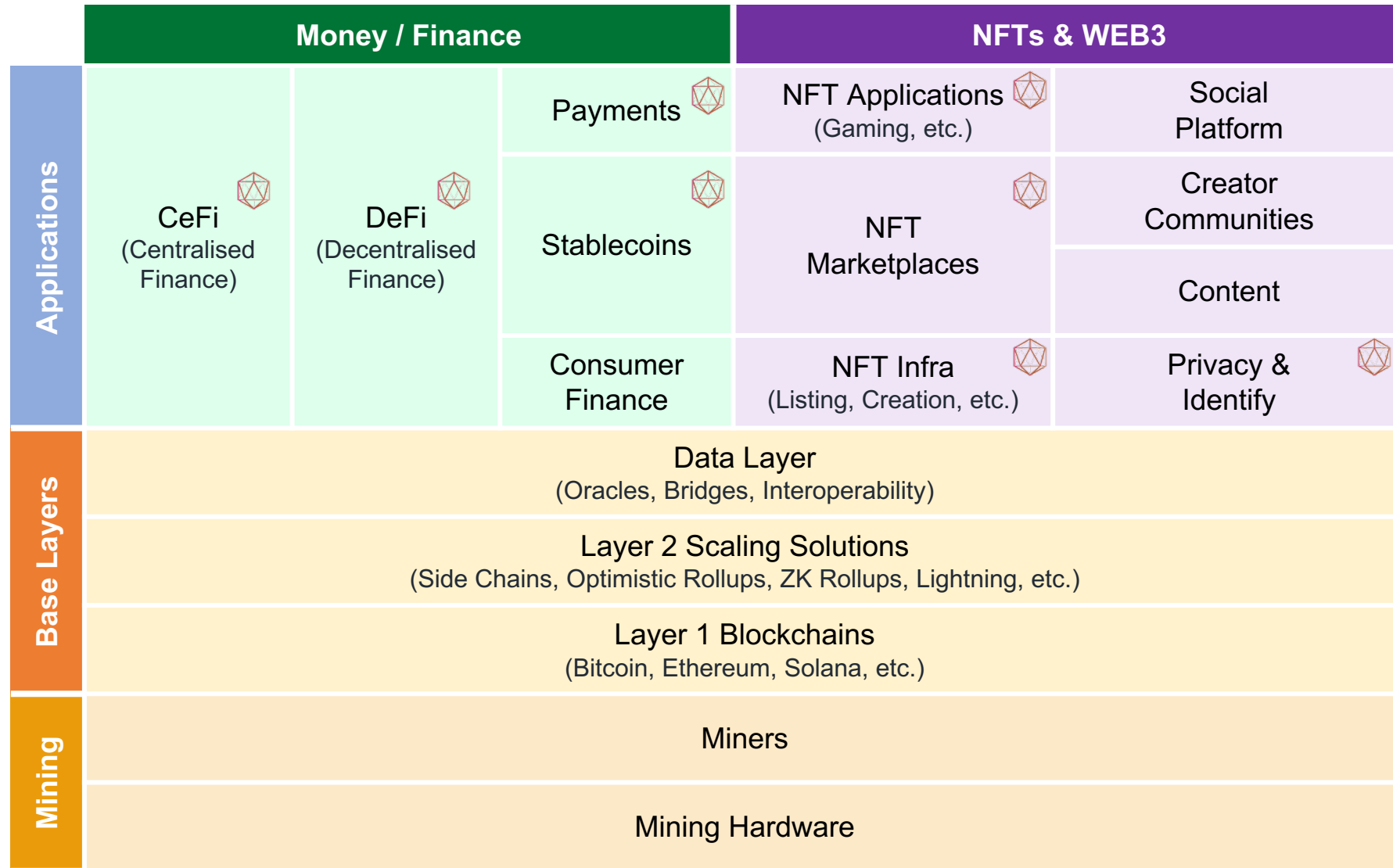
[www.taguscap.com](http://www.taguscap.com)



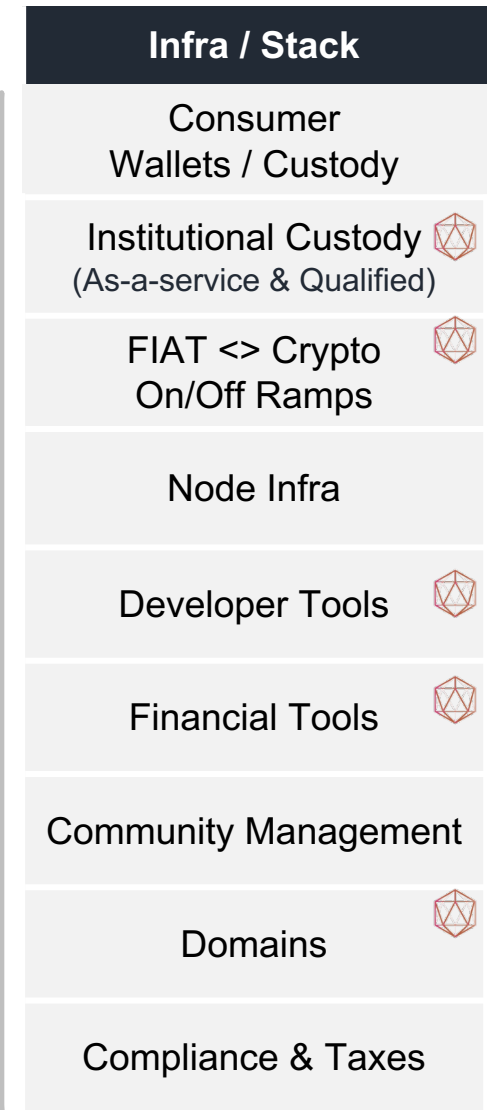
## APPENDIX

# Tagus has been focused on most strategic segments of all crypto space

Crypto Asset Flow



## Tagus' Target Segments



## SEED

Seed stage investments involve a 3-Tier selection process that includes: Product, Tech Stack and Team



### Product

**We favor bold teams with a clear vision of the sector**

- Large and thriving markets (TAM/SAM/SOM)
- Product market fit
- Promising competitive advantages



### Tech Stack

**We like to invest in projects with an MVP**

- Strength of the Tech stack
- Scalability of the solution
- Cybersecurity



### Team

**We look for relentless and highly technical entrepreneurs**

- Technical knowledge
- Previous experiences
- Capacity to execute
- Multidisciplinary teams

## GROWTH

Growth stage investments involve a more fundamental analysis, based on Sector, Financials and Team



### Sector

**We look for sectors with strong tailwinds**

- Large and thriving markets (TAM/SAM/SOM)
- Favorable dynamics and regulation
- Not saturated and over-penetrated market



### Financials

**Companies should have most of the following:**

- Healthy margins (gross, EBITDA, etc.) and unit economics
- Technology as the protagonist of expansion
- Growth trajectory and plan



### Team

**We partner with teams that have:**

- Sector / segment experience
- Purpose-driven entrepreneurs
- Leadership skills to take the company to the next level



# Uncertainty is part of the game, and a risk-based approach is the best tool to navigate it

As technology advances, regulators do not have the knowledge to guide market participants; Taking calculated regulatory risks is what matters, and Tagus' expertise in regulated industries created a skillset to navigate uncertainty

## Innovation and regulatory uncertainty



There is always regulatory uncertainty in nascent industries, and governments and regulators often don't have the knowledge to guide market participants.



This happened to all inventions empowering people to communicate and transact more efficiently, including trains, cars, the telephone, the internet, and now blockchain.



Although crypto regulations are fluid, the spirit of the laws underlying the regulatory areas that touch crypto will remain and companies must build products and services with that in mind.

## What uncertainties do we have?



Investing in blockchain innovation means having zero appetite for anti-money laundry and market manipulation risks.



It also means understanding that innovative business models might use new technologies such as NFTs as part of their services and that might not perfectly fit current regulations about centralised custody of assets or user identity.



Taking calculated regulatory risks means proactively adding mitigants to address such identified risks and strengthening the company.

## Our approach to regulation



Tagus team has over 100 years of combined experience in regulated industries and has been able to support companies in the transition from pure "tech companies" into potentially "highly regulated businesses".



For instance, after joining the pre-series A round of a fast-growing business, Tagus team helped it to beef up internal procedures for KYC, AML, and client classification.



It also helped hiring new Heads of Compliance, Legal and Risk, and within 18 months the company was looking very different – Tagus was able to partially exit its investment with a 25x return on capital.

Uncertainty is part of the game and will be present differently in every country

Taking calculated regulatory risks is what matters, adding mitigants to address them

**Tagus' expertise in regulated industries created a skillset to navigate uncertainty**