



PROUDLY PRESENTS

THE NEW ERA OF
PRIVATE MARKETS

TRANSFORMING PRIVATE CAPITAL MARKETS
AND SECONDARIES TRADING



Bryan Smith (CEO)

Shaping the Capital Markets of the Future

Why Private Markets are the biggest opportunity in financial services and driving forces

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Private Markets – A Growing, Alternative Asset Class

THE WALL STREET JOURNAL.

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EXCLUSIVE DEALS

Private Markets Seem Out of Reach for Individual Investors. BlackRock Thinks It Has an Answer.

Bloomberg

[Live TV](#) [Markets](#) [Economics](#) [Industries](#) [Tech](#) [Politics](#) [Businessweek](#) [Opinion](#)

BlackRock Muscles Into Private Assets Market for Wealth Clients

BlackRock Inc. is expanding further into private-markets investing, striking a new partnership to include the assets alongside traditional

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Talking Point Oct 7 2024

Increasing focus on private markets from next generation of family offices

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PEOPLE

Texas Municipal Pension Boosts Direct Deal Talent With Private Markets Hires

Texas Municipal Retirement System is adding Philip Hunter O'Brien, Amol Deshpande and Isidora Stankovic to its private markets team

Asset Managers Must Invest in Private Markets Now, Bain Says

- Private-market assets under management to reach \$65 trillion
- Bain calls it 'the biggest opportunity in financial services'

By [Loukia Gyftopoulou](#)
August 21, 2024 at 3:00 PM GMT+2

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INVESTMENT STRATEGY | 7 MINUTES

How to invest in groundbreaking innovation

The stock market may host some of the world's most successful companies, but some of the greatest breakthroughs in recent history have been made by startups and small private firms that weren't yet public. Over time, while investments in these startups have significant risks, a select group of those early-stage companies—such as Tesla and Alibaba—grew to become global leaders in their respective industries.

Approximately 10% of investable companies are traded on public markets.¹ Investors who are not exploring private markets may not be making themselves available to the full range of investable opportunities, some of which may include the future leaders of innovation.

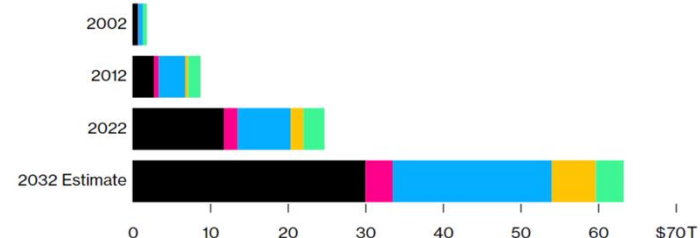
Private markets are growing in size and importance as well. There has been a surge in business creation in the U.S. since the pandemic, with more than 1 million applications for new business formation in each of the last 14 quarters.²

We believe that by accessing private companies, investors could benefit from their

Alternative Assets Are Poised to Keep Growing

Bain estimates they will rise to more than \$60 trillion of all AUM by 2032

Private equity Real estate Alternative credit Infrastructure, natural resources Hedge fund

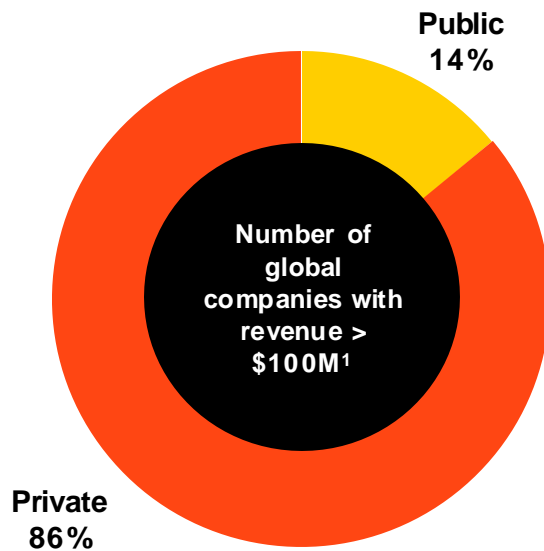


Source: Bain & Co.

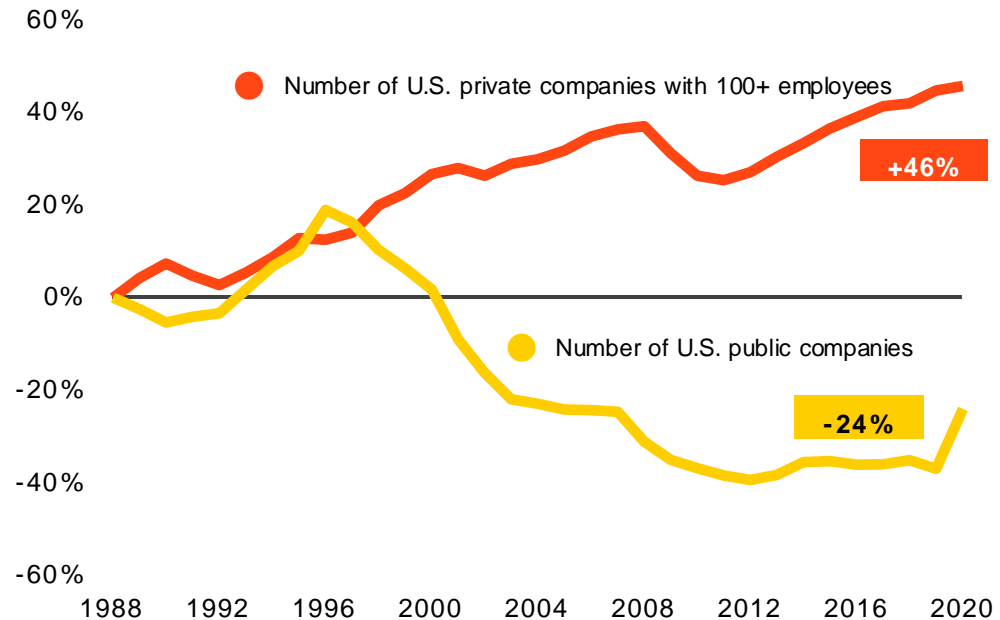
It's more important than ever to invest in private markets

Public markets are shrinking, while private markets represent a large and growing opportunity set.

A broader opportunity set



The rise in private markets



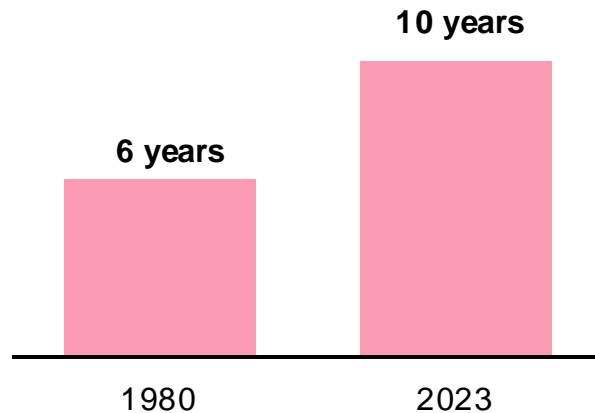
¹ Source: Capital IQ, BlackRock as of 12/31/23. Represents the number of companies with annual revenues greater than \$100 million. ² Source: U.S. Census Bureau – Statistics of U.S. Businesses, The World Bank World Federation of Exchanges database as of December 2023. Represents the latest data available through 2020. Past performance is no guarantee of future performance..

A shift in value creation to private markets

There's been a shift of wealth creation toward private equity. Companies are staying private longer, and fewer IPOs are coming to market. To access the full opportunity set, consider private markets as well.

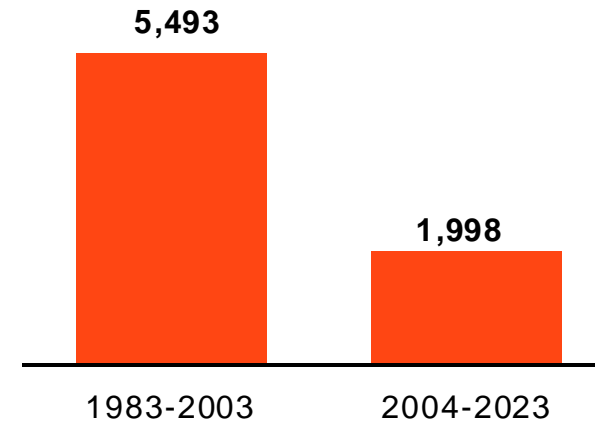
Companies are staying private longer...

Example: Median age for IPOs



...and fewer companies are “going public” relative to history

Number of IPOs



For illustrative purposes only. Past performance is no guarantee of future performance.

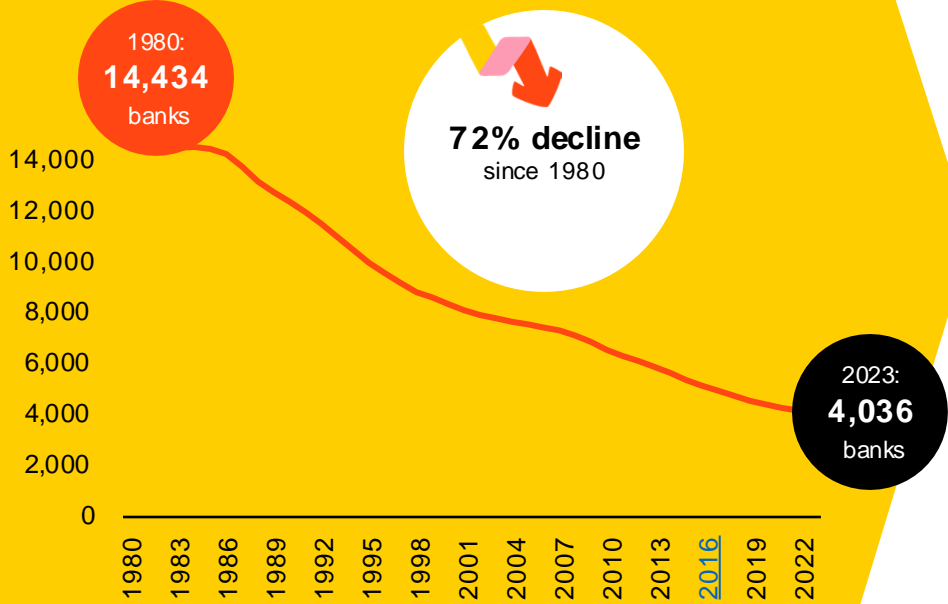
Left display: Source - University of Florida, of 4/26/2024. JR Ritter Initial Public Offerings: Median Age of IPOs Through 2023. Example reflects median age to IPO for IPOs after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, oil & gas limited partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Right display: Source - University of Florida, of 4/26/2024. JR Ritter Initial Public Offerings: Median Age of IPOs Through 2023. Example reflects median age to IPO for IPOs after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, oil & gas limited partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Shown for illustrative purposes only. Past performance is no guarantee of future performance.

Credit: banks have pulled back

The Global Financial Crisis spawned new regulations that drove banks to shrink balance sheets and pull back on lending. Non-bank lenders, such as private credit funds, have filled the void.

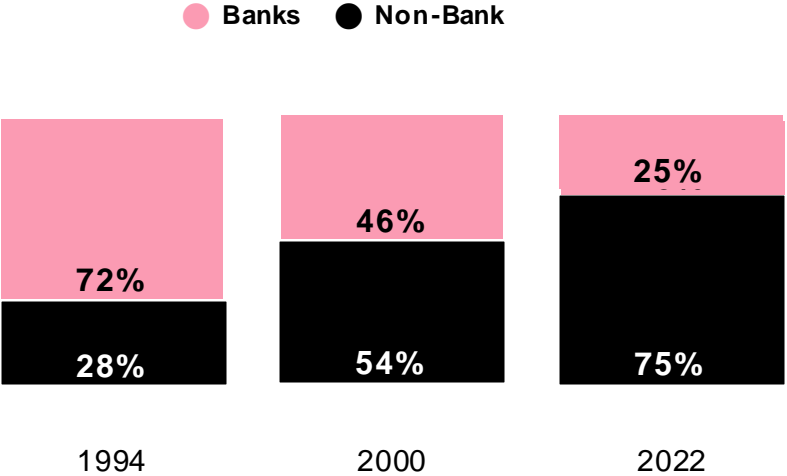
1 As the banking industry consolidates...

Total number of commercial banks, 1980-2023¹



2 ...non-bank lenders are stepping in.

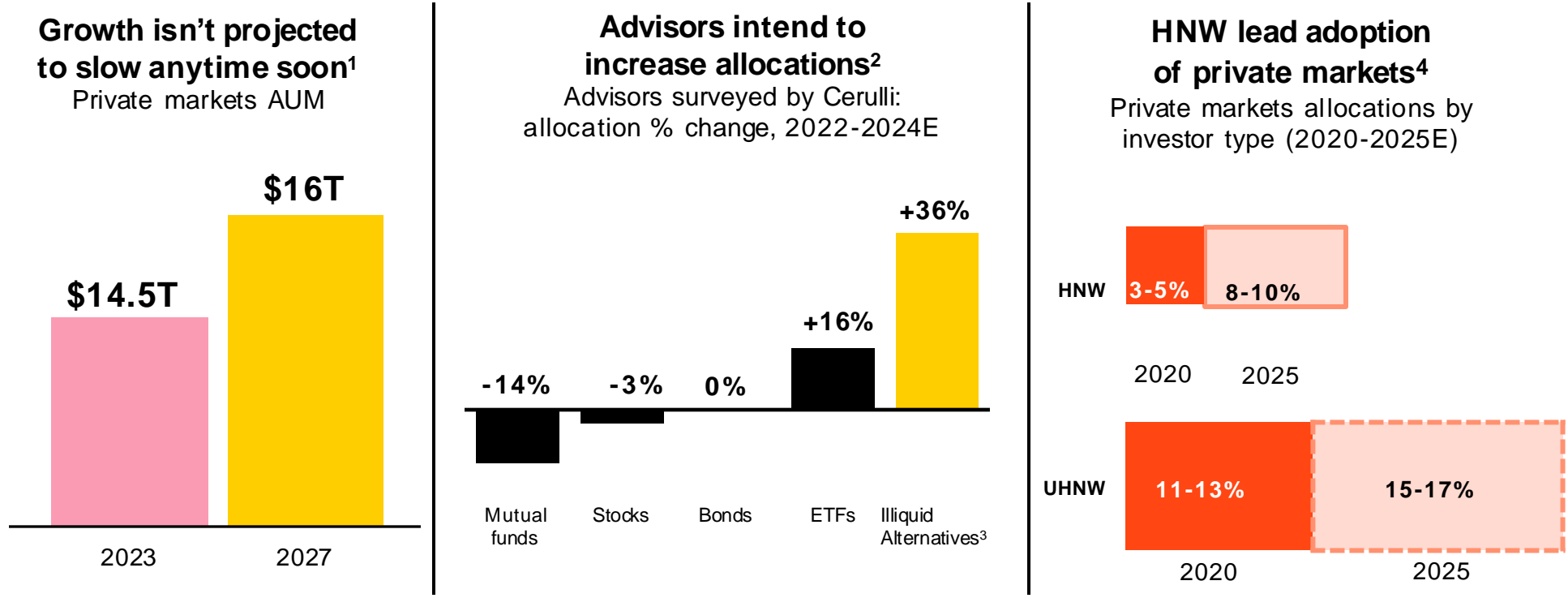
Market share, leveraged loan market, 1994-2022²



Source: 1 FDIC as of 12/31/23. 2 S&P LCD as of 12/31/22. Both displays as of latest reported data.

Don't miss the boat in private markets

Private markets grew exponentially over the last twenty years and are expected to grow an additional ~47% by 2026.¹ Advisors intend to add to their private alternatives allocation over the next decade, as do HNW clients.

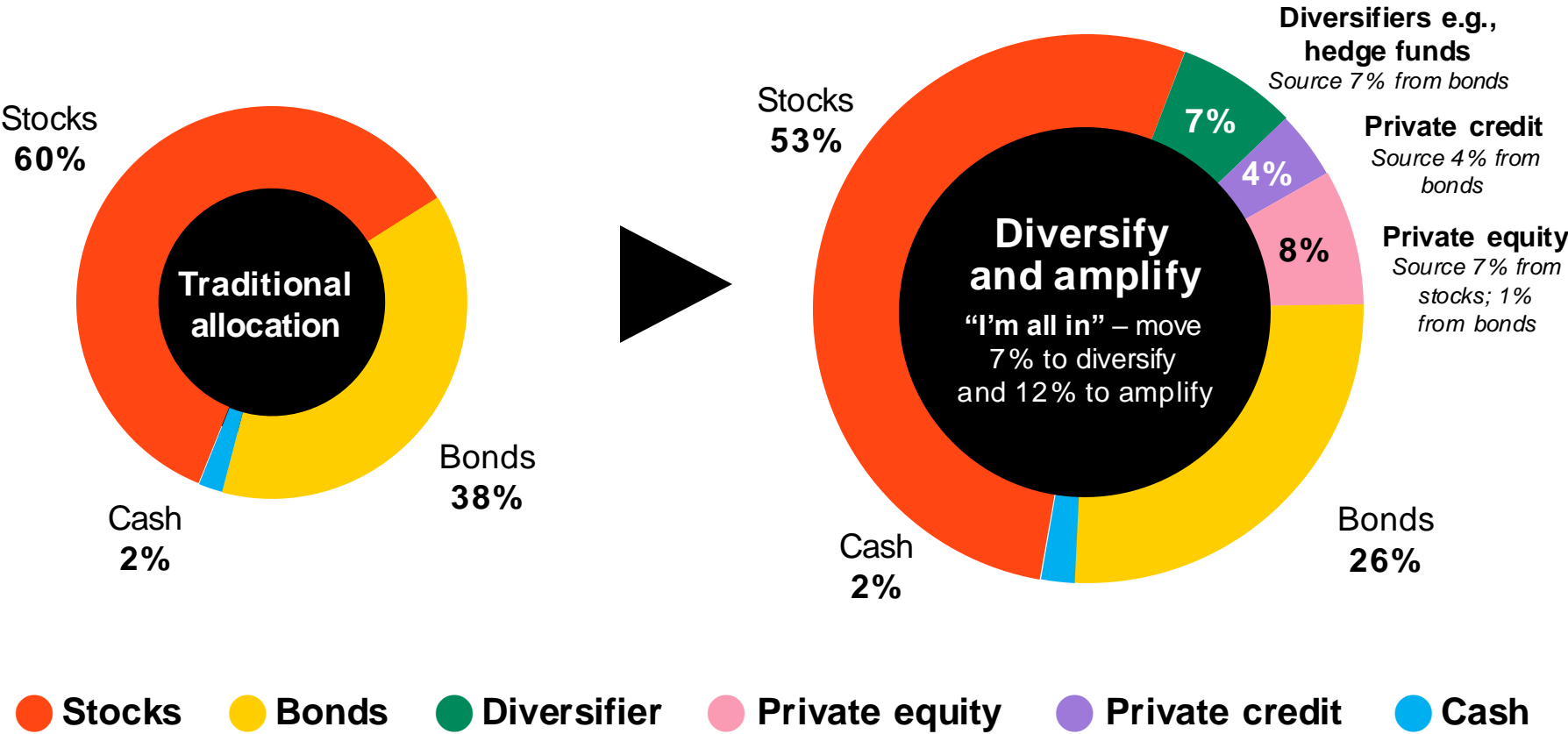


Thinking ahead Nearly nine in ten advisors plan to **grow their allocation** to alts over the next **two years**.⁵

1 Source: Preqin, annualized AUM as of 3/31/2023. \$16T AUM Pitchbook, "Looking ahead to private markets in 2027" 1/5/2023. All figures are in USD Report. All dollar figures are in USD. Forecasts are not guaranteed and subject to change. 2 Cerulli report U.S. Advisor Edition - Trends for 2023 Issue as of 1Q 2023 . 3 Excluding liquid alternatives 4 Oliver Wyman and Morgan Stanley Research Wealth and Asset Management Report, Competing for Growth. Published 2021 - most recent edition of this research published as of June 2023. 5 CAIS-Mercer survey Connected perspectives: The state of alternative investments in wealth management. Survey based on a select group of 198 independent financial advisors, asset managers, and other industry professionals as of October 2022.

Expand your 60/40 portfolio

Consider the right type of private markets solution for your portfolio.



Source: BlackRock, as of 6/30/2024. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise — or even estimate — of future performance.

Market Opportunity



PRIVATE MARKETS
GROWING

PUBLIC MARKETS
SHRINKING



Private Capital Markets are Transforming

\$1.23 T
Public Markets

\$4.45 T
Private Markets

\$2.3 T
Private Placements



* According to the most recent [SEC data](#), exempt offerings accounted for approx. \$4.45 trillion in capital raising, whereas during that same time period, publicly raised funds accounted for roughly \$1.23 trillion in fundraising.

That's 3.5 times more capital raised in the private markets than in the public markets.

Secondaries Market For Private Capital is Growing

10
Years

6 X
Growth

\$130 B
Secondary Markets



* The secondaries market, where buyers and sellers trade existing interests in private equity funds and their portfolio companies, has grown to \$130 billion, a six-fold increase during the past decade.

Given the rapidly expanding need for liquidity solutions in private capital, the potential for continued growth is exponential.

OASB Annual Report 2022 <https://sec.gov/files/2022-oasb-annual-report.pdf>

The Problem:

Private Securities Markets Lack the Infrastructure of Public Markets*

Illiquid, Inaccessible and Inefficient

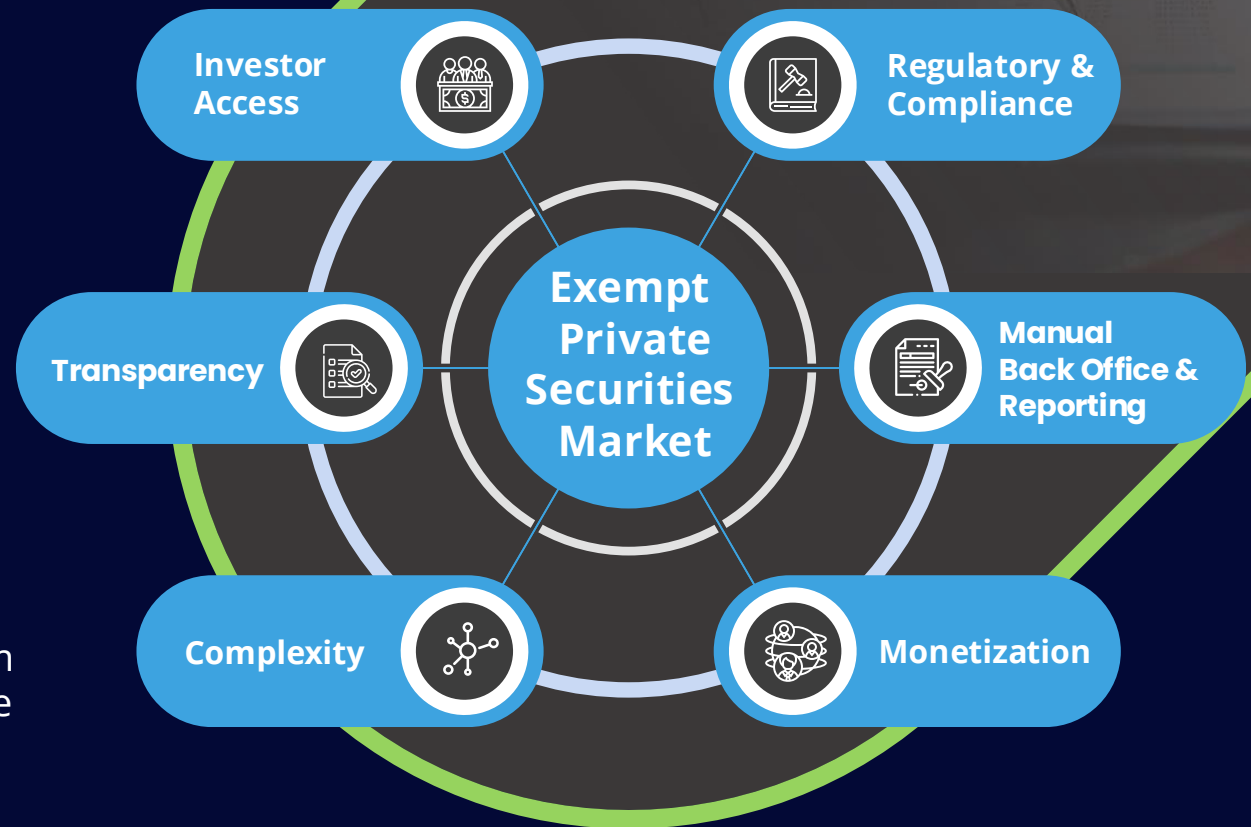


Investor Access



Limited Liquidity

* There is no established secondaries trading platform for exempt private securities market to match the public market infrastructure of the NYSE or Nasdaq



US Broker Dealer / ATS

Acquisition and Strategic Partnership SEC / FINRA Registered Broker Dealer

- ✔ Capital Engine® acquisition / strategic partnership with a SEC / FINRA-registered broker-dealer Mallory Capital Group
- ✔ Capital Engine® will reverse merge its tech-enabled exempt private securities platform into broker-dealer
- ✔ Enable company to directly receive transaction commissions
- ✔ Radically improve the economics of Capital Engine® tiered business ecosystem and revenue opportunities
- ✔ Apply to operate an Alternative Trading System (ATS) in 2024 under Exchange Act Rule 3a1-1(a) providing secondaries trading / liquidity
- ✔ ATS will support investing and trading in exempt private securities, digital and fractionalized assets



Capital Engine® Revenue Projections

Primary / Secondaries Market

Primary Market Revenue – Marketplace and Broker Dealer

	Deals 2025	Commission %	Revenue	Deal Pipeline 2026+	Annual Revenue
Regulation D	\$30,000,000	4%	\$1,200,000	\$60,000,000	\$2,400,000
Regulation CF	\$20,000,000	5%	\$1,000,000	\$50,000,000	\$2,500,000
Regulation A	\$20,000,000	3%	\$600,000	\$50,000,000	\$1,500,000
Broker Dealer	\$100,000,000	2.5%	\$2,500,000	\$200,000,000	\$5,000,000
Total Revenue			\$5,300,000		\$11,400,000

Secondaries Market / Private Label Revenue

	Revenue / Issuance	Issuances 2025	Revenue	Pipeline 2026+	Annual Revenue
Listings Fees	\$20,000	10	\$200,000	60	\$1,200,000
Commission (SM)	2.5%		\$125,000		\$1,250,000
Private Label	Recurring Fees	\$40,000 / MRR	\$480,000	\$80,000 / MRR	\$960,000
Total Revenue			\$805,000		\$3,410,000

* Capital Engine is actively raising \$250M for clients, with a \$650M+ deal pipeline on our investment marketplace and private placement platform

Growth Capital

Raising up to \$5M

- ✓ Series A Preferred
- ✓ Current Raise: \$3M (post-money valuation of \$33M)
- ✓ 20% share price discount on \$6 share price*
- ✓ Min. Investment: \$24,000 (5,000 shares - \$4.80 / share)
- ✓ Capital Engine's Investment Marketplace and software solutions have helped raise \$450 million*
- ✓ Actively raising \$250 million for clients
- ✓ Deal pipeline: \$650 million+ potential raises
- ✓ Funding will accelerate and scale revenue growth focusing on strategic partnerships, expanding broker-dealer, sales and marketing, onboarding key staff, and setup of secondary trading platform*
- ✓ Shares projected to be liquid by 2026, 20x - 70x return*

See visionary analyst Michael Markowski's [recommendations](#) on Capital Engine®



WATCH VIDEO



Perpetual Financing Strategy

Share Price	\$3 / share*	\$6 / share	\$12 / share
Pre-Valuation	\$15,000,000	\$30,000,000	\$60,000,000
Post-Valuation	\$17,000,000	\$33,000,000	\$65,000,000
Amount Raised	\$2,000,000	\$3,000,000	\$5,000,000
Shares to Sold	754,167	500,000	416,667
Ownership Dilution	12.6%	10%	8%

* 20% Discount for limited time only

Technology Shaping the Capital Markets of the Future