

I. Macro Update

As the third quarter

of 2021 comes to a close, we have been able to witness some interesting developments in the economy leaving us with a cautiously optimistic outlook.

Vaccination progress has been substantial. Over 6.39 billion doses having been administered globally, with 46% of the world population having received at least one dose.

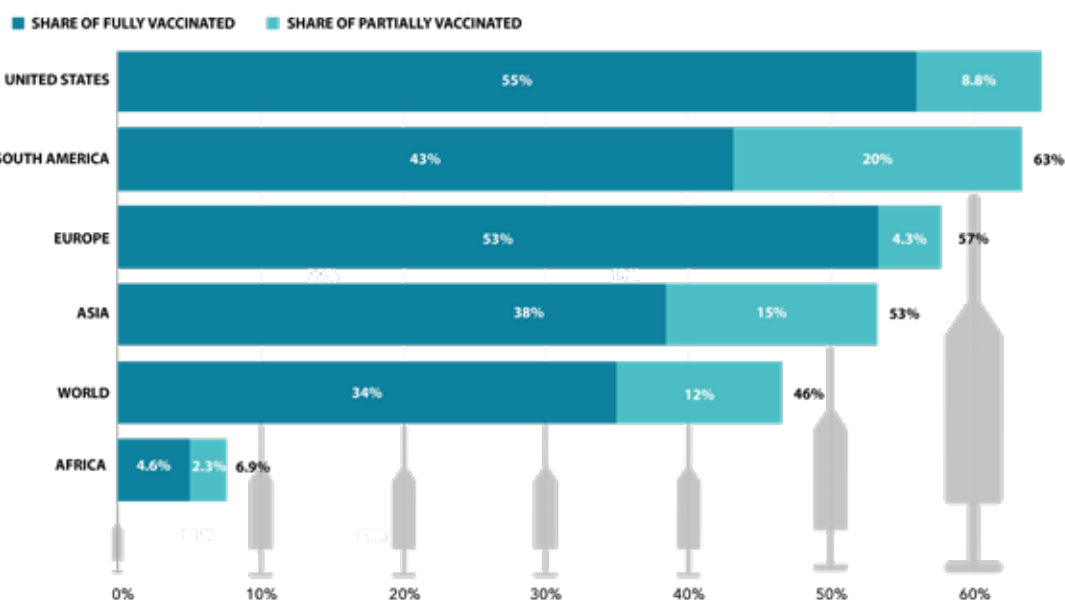
In the US, 55% of the population is now fully vaccinated (with an additional 9% having at least one dose), supporting the continued reopening of our economy. The surge in COVID-19 cases resulting from the delta variant has been a cause of concern, but the country has demonstrated resilience in the face of it. Despite some minor

hiccups to vaccine efforts, the overall strong rate of vaccinations has been invaluable in helping the US continue to move forward.

One of the major and most notable events on the international political stage was the removal of allied troops from Afghanistan. This has had

SHARE OF PEOPLE VACCINATED AGAINST COVID-19, OCT 5, 2021

ALTERNATIVE DEFINITIONS OF A FULL VACCINATION, E.G. HAVING BEEN INFECTED WITH SARS-COV-2 AND HAVING 1 DOSE OF A 2-DOSE PROTOCOL, ARE IGNORED TO MAXIMIZE COMPARABILITY BETWEEN COUNTRIES.



Source: Official data collated by Our World In Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.

obvious ramifications, as the Taliban has taken back control of the country, and political power structures globally have shifted.

On the home front, the latest political news dominating headlines are the potential government shutdown, raising the debt ceiling, the \$3.5 trillion spending bill, and the \$1 trillion infrastructure bill.

Congress was able to avoid a government shutdown and send a funding bill to President Biden's desk just hours before the September 30 deadline. This bill will allow for government funding through December 3.

Aside from immediate government funding, Congress will have to separately raise the U.S. debt ceiling giving the government the ability to fund additional spending. According to Treasury Secretary Janet Yellen, if the debt ceiling is not

raised by October 18, it will result in the first-ever default on US obligations and would have wide-reaching consequences.

The Biden administration continues to push the massive \$3.5tn spending package (social policy and climate bill), but there is significant bipartisan debate over the hefty price tag as well as how it will be paid for. Progress continues, but concessions are expected to be made, including a trim in the final cost of the bill.

The long-awaited infrastructure bill has been met with delays as many lawmakers are refusing to vote for the bipartisan package without evidence of advancement related to the \$3.5 trillion social policy and climate plan spending package.

The uncertainty surrounding these items is considerable and has led to jitters both politically and economically.

On the economic

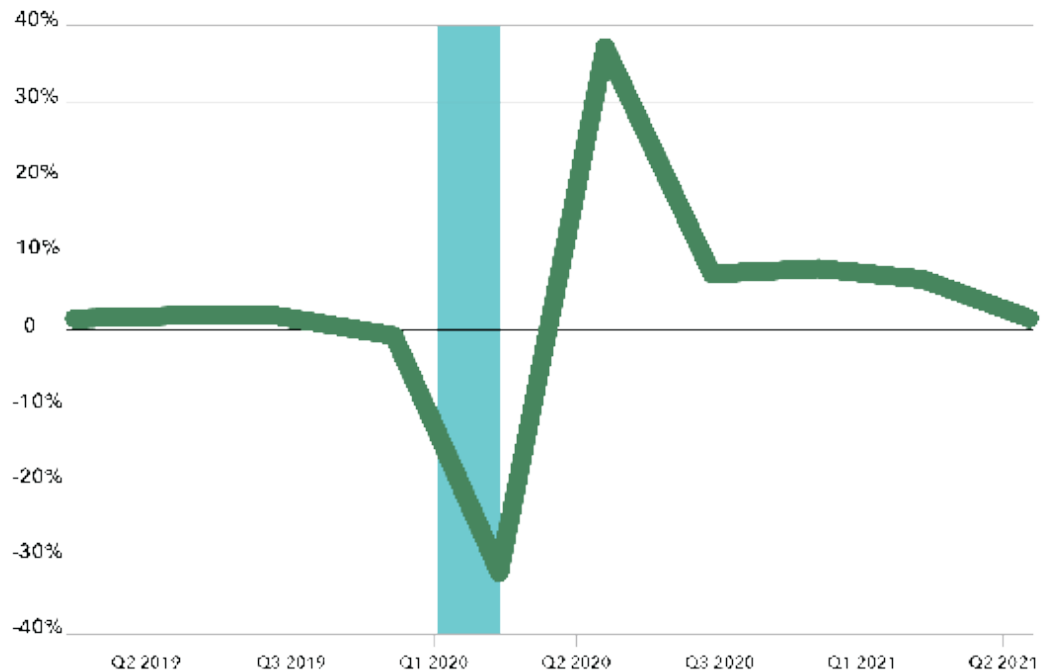
front, we have continued to see strong economic growth despite the rise in covid cases resulting from the delta variant. GDP is expected to post another quarter of growth, with estimates from the Federal Reserve coming in at 1.3% for Q3, and 5.9% for the full year 2021. As seen right, expectations for growth in GDP have declined rather rapidly.

The strength in the economy has been further evidenced by the observed growth in earnings, growing retail

spending, expanding manufacturing, as well as the high levels of inflation, to name a few.

GDP ESTIMATES

PERCENTAGE CHANGE AT ANNUAL RATE



Shaded areas indicate US recessions. Source: Federal Reserve Bank of Atlanta

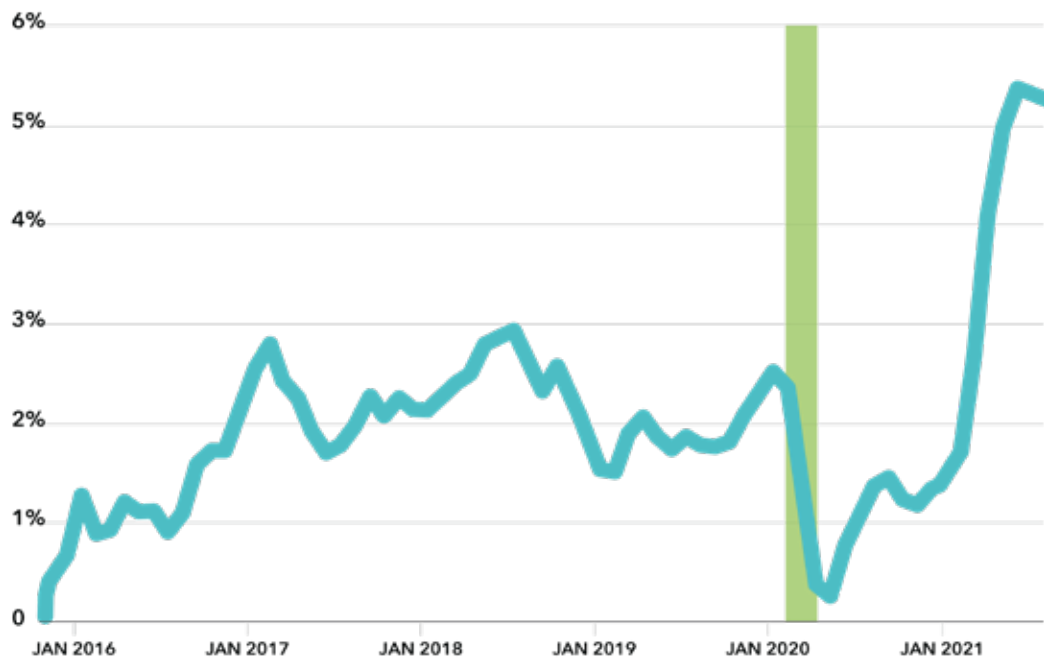
The pick-up in

inflation has continued at a high pace through September. We have seen an increase of over 5% in prices over the previous 12 months. This is consistent with the Federal Reserve's goals of averaging inflation higher for a considerable amount of time to bring long-run averages up to their 2% goal. Given the elevated levels of liquidity in the economy and supply chain bottlenecks

still being experienced globally, the Fed has acknowledged the potential for prices to remain high for some time before subsiding.

In light of this, the fed has changed its tone relating to statements on the timeline for tapering its asset purchases, in essence, taking

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS: ALL ITEMS IN US CITY AVERAGE



Shaded areas indicate US recessions Source: US Bureau of Labor Statistics

its foot off the economic gas pedal, given the substantial recovery we have seen thus far. Many expect this process to begin in November, with the possibility of rate hikes starting in late 2022. As this plays out, policy-makers expect inflation to soften considerably.

UNEMPLOYMENT RATE



Shaded areas indicate US recessions Source: US Bureau of Labor Statistics

As part of the recovery, we have seen

improvements in the labor market as well. The unemployment rate (4.8%) has continued to decline as the economy continues to reopen with demand for labor being, broadly speaking, quite strong. With unemployment aid accommodations running out, we expect people to continue to return to the jobs market.

INDICES		STOCK MARKET INDEX PERFORMANCE					
		YTD	Q3 2021	Q2 2021	Q1 2021	2020	2019
US	DJIA	10.50%	-1.91%	4.38%	7.69%	6.87%	23.76%
	S&P500	14.42%	0.23%	7.63%	5.53%	15.76%	30.43%
	NASDAQ	11.50%	-0.38%	8.12%	2.23%	42.58%	37.89%
	RUSSELL 2000	11.57%	-4.60%	3.83%	12.39%	17.84%	23.95%
ASIA	NIKKEI 225	6.81%	2.30%	-2.21%	5.81%	17.69%	20.36%
	SHANGHAI	2.69%	-0.64%	4.25%	-0.94%	13.26%	22.11%
	HSI	-9.27%	-14.75%	0.82%	4.77%	-3.06%	9.16%
EUROPE	DAX	9.87%	-1.74%	3.17%	8.05%	3.67%	26.45%
	FTSE 100	9.69%	0.69%	4.82%	3.92%	-14.34%	12.10%
	CAC	16.14%	0.19%	7.04%	8.07%	-7.73%	28.78%
BRAZIL	BOVESPA	-6.76%	-12.48%	8.71%	-2.01%	3.16%	31.95%
VOLATILITY	VIX	0.43%	46.18%	-14.89%	-15.80%	69.02%	-49.96%
COMMODITIES	GOLD	-8.21%	-0.88%	3.75%	-10.38%	24.70%	18.16%
	WTI CRUDE OIL	55.02%	2.12%	23.50%	22.23%	-21.23%	33.32%
BONDS	US10Y YIELD	63.53%	5.96%	-15.37%	86.74%	-51.81%	-27.64%
CURRENCIES	EUR/USD	-4.69%	-2.52%	1.47%	-3.69%	9.62%	-2.54%
	GBP/USD	-1.93%	-3.01%	0.39%	0.42%	2.84%	2.85%
	USD/JPY	8.44%	1.27%	-0.18%	6.86%	-5.12%	-0.69%
	EUR/GBP	-2.31%	0.47%	1.08%	-3.55%	6.65%	-5.24%
	USD/BRL	4.28%	9.27%	-12.01%	11.16%	29.23%	3.50%

* AS OF OCTOBER 4, 2021

Financial markets have, until mid-September, continued their strong rise against this strong economic backdrop. However, with indications from the Federal Reserve of interest rate hikes potentially coming sooner due to “substantial further progress” being achieved concerning inflation, and continued improvement in the labor market, financial markets have taken a breather in recent weeks.

One caveat to the narrative of this unexpectedly rapid economic recovery is the possibility that we have reached, at least in the short- to medium-term, peak economic growth. The ongoing

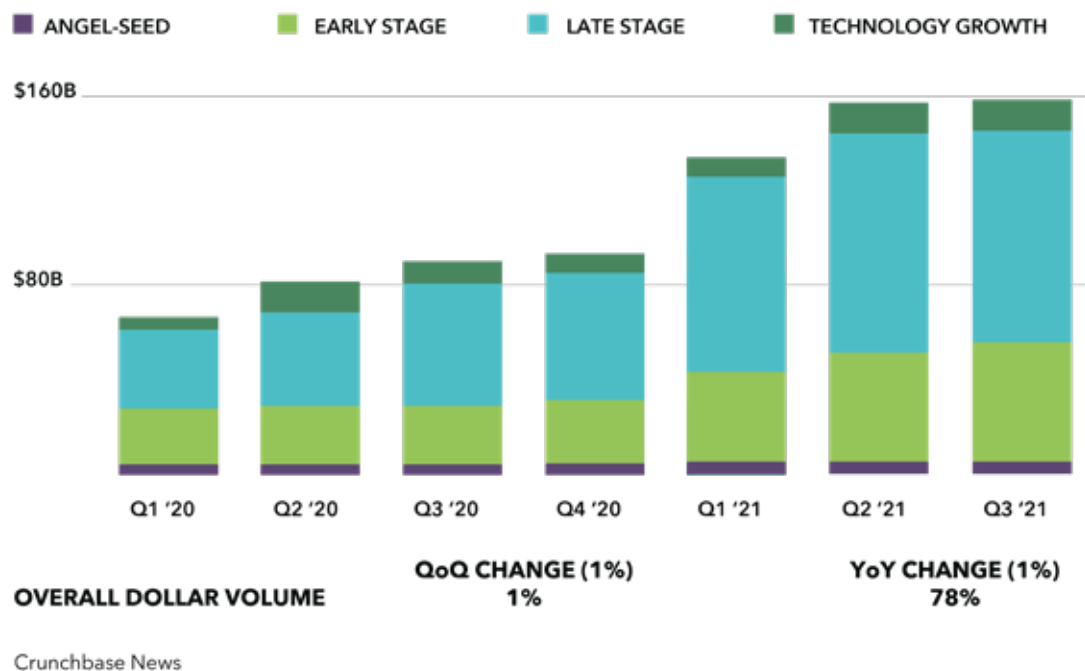
supply chain bottlenecks along with the rise in COVID-19 cases related to Delta have been identified as major impediments to continued growth. This leaves some to hypothesize that the economy might be headed for an environment of stagflation; one in which real economic growth slows, while persistent inflation remains. As seen in the graphs above, expectations for growth in GDP quickly slowed down while the elevated levels of consumer prices have remained. This could lead to abrupt adjustments in monetary and fiscal policy, which could have drastic repercussions globally.

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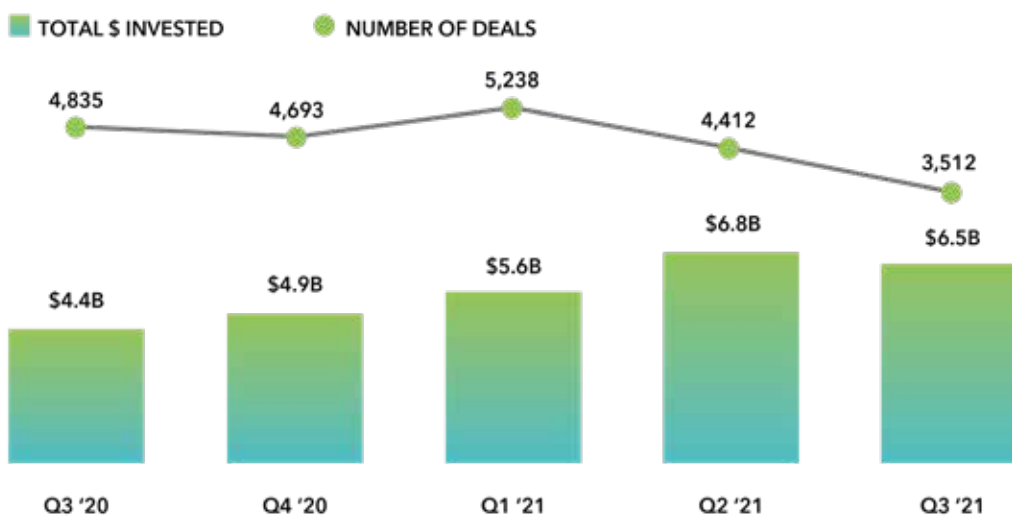
Venture funding

activity to the venture capital asset class globally has continued at a record pace, with \$160 billion invested during the third quarter of this year, locking in a 78% year-over-year increase. Over \$100 billion of funding this quarter went toward increasingly common mega-rounds; to companies raising rounds of \$100 million or more.

GLOBAL VENTURE DOLLAR VOLUME THROUGH Q3 2021



GLOBAL SEED AND ANGEL INVESTMENT THROUGH Q3 2021



Crunchbase News

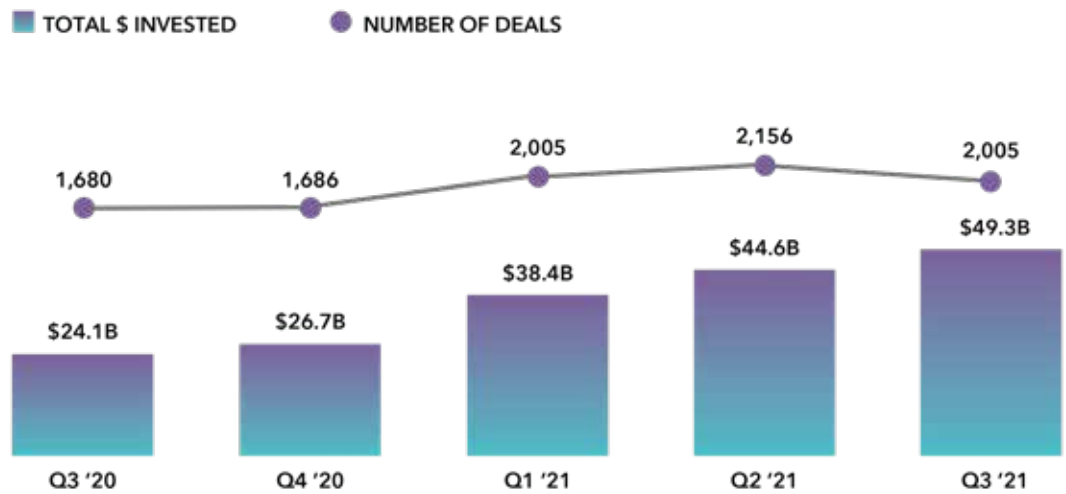
Seed-stage funding

came in at \$6.5 billion in the third quarter of 2021. The amount of funding is very slightly below the previous quarters' record high but provides for a 47% increase year-over-year.

Early-stage funding

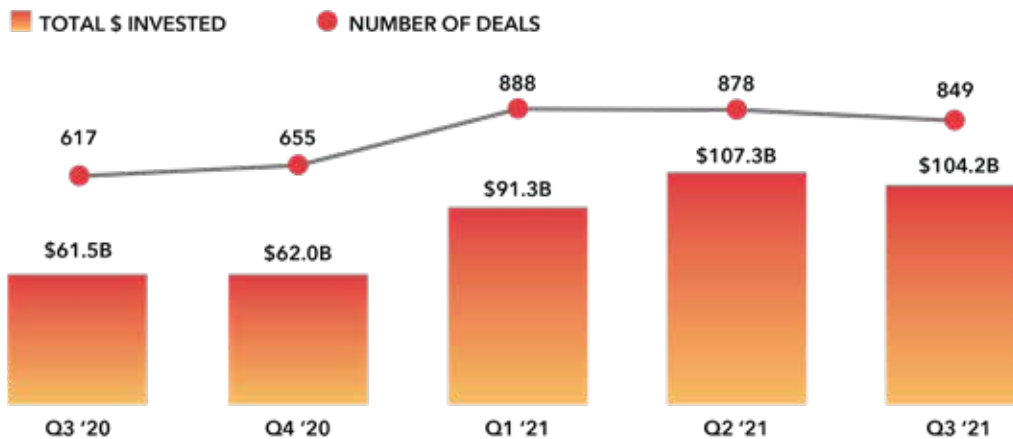
grew by north of 100% year-over-year to a record amount of \$49.3 billion, with over 1900 companies being funded. This amount of funding represents growth of 11% relative to the previous quarter.

GLOBAL EARLY-STAGE INVESTMENT THROUGH Q3 2021



Crunchbase News

GLOBAL LATE-STAGE AND TECHNOLOGY GROWTH THROUGH Q3 2021



Crunchbase News

Late-stage funding

has once again topped \$100 billion this quarter. Despite having dipped in dollar amount compared to the second quarter of this year, late-stage funding still reached a level of \$104.2 billion; a 69% year-over-year gain, with funding for over 800 companies.

In terms of exits, the most notable of the quarter has been in the IPO market, with financial services company Robinhood being valued at \$32 billion and raising over \$1.9 billion. We have seen numerous venture-backed public offerings with a debut of over \$10 billion. In fact, 26 such companies have gone public in 2021, representing 100% growth over the previous year's comparable transactions. We have also seen strong activity for

other forms of exits including SPACs and direct listing, with companies such as Lucid Motors taking the SPAC route and Wise exiting by direct listing, at impressive valuations of \$24 billion and \$11 billion, respectively.

With another quarter left in 2021, we see all of these funding and exit numbers moving higher still, to end another year in blockbuster fashion.

II. Looking Ahead

As we power toward the last quarter of the year, a growing concern is that of an environment of stagflation, where we see economic growth slowing along with persistently higher prices. Supply chain bottlenecks, high levels of liquidity, and elevated prices will be ongoing in the near term as the world continues to shift toward a renewed way of conducting business in light of the Coronavirus pandemic.

Despite the risks these conditions present, we remain confident that the global economy will be able to push through and resolve these issues, as they have through this difficult episode up until now. In addition, technology development, and the large amounts of funding supporting these endeavors have remained steadfast, not only proving resilience but growing at an incredible

pace in the face of the global economic issues we will continue to face in the short-term going forward.

We have observed unprecedented economic and political change in the past 18 months, but our portfolio remains strong and demonstrates healthy growth. As we continue to move out of the pandemic and toward a more normalized international economy, we expect this to remain the case. This leaves us feeling increasingly optimistic for the future as we continue our search for more technology that deserves to be shared with humanity.

As always, we thank you for your unwavering support.

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Flavio Lobato

Co-Founder and Principal, Ikove Capital

Flavio Lobato is Principal and Founder of Ikove Capital Partners, a Venture Development investment company focused on commercializing life changing technologies in partnership with leading research institutions.

Previously, Flavio was an Executive Director at Liongate Capital Management, a multi-billion alternative investment manager based in London and New York, which was sold to Principal Global Investors. Additionally, Flavio was a Founder and CIO of Swiss Capital Asset Management in Lugano, managing over \$1.5 billion in hedge fund investments for institutional clients. Flavio was a VP at Goldman Sachs & Co. and a Director at Credit Suisse First Boston.

Flavio received his MBA from Harvard Business School with honors, and his undergraduate degree in International Finance and Marketing from the University of Miami, cum laude. Flavio is Co-Head of Fintech for Harvard Angels of NYC. He serves as Chairman or on the Board of several high profile startups. He is a guest author at Venture-Beat, VC-List, Forbes and Alpha Week and has been featured in several podcasts.

THANK YOU

