




UP Fintech Holding Limited is a Chinese online broker with a fast-growing revenue and customer base, undervalued by the P/S multiple, with great growth potential in a promising market.

Up Fintech, also known as Tiger Brokers, offers brokerage services through a PC terminal and a mobile app. The company's business model is to earn commissions from securities trading, margin trading, and IPOs, and the company is also developing ESOP management plans, which helps companies to organize employee motivation programs.

The Tiger Trade platform allows investors to access the instruments of several global markets, including the Nasdaq, the New York Stock Exchange, the Hong Kong Stock Exchange, as well as A-shares, shares of mainland Chinese companies that can only be purchased by mainland Chinese citizens.



- U.S. Stocks
- Hong Kong Stocks
- A-shares
- UK Stocks
- Australian Shares
- SG share



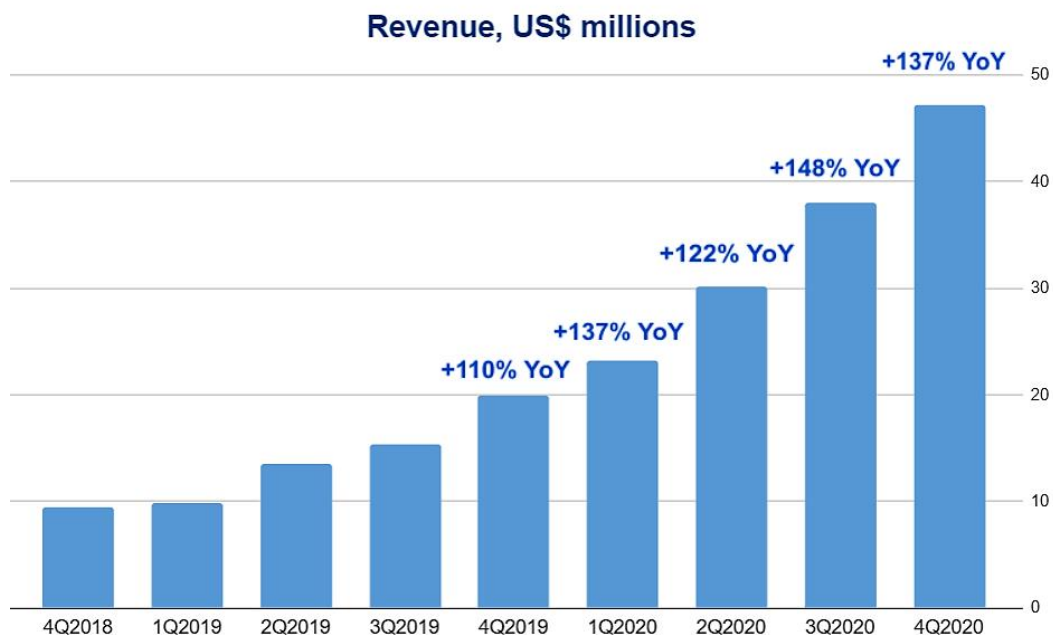
The United States
Trading hours (Beijing time)

Daylight Savings Time
21:30 - 4:00

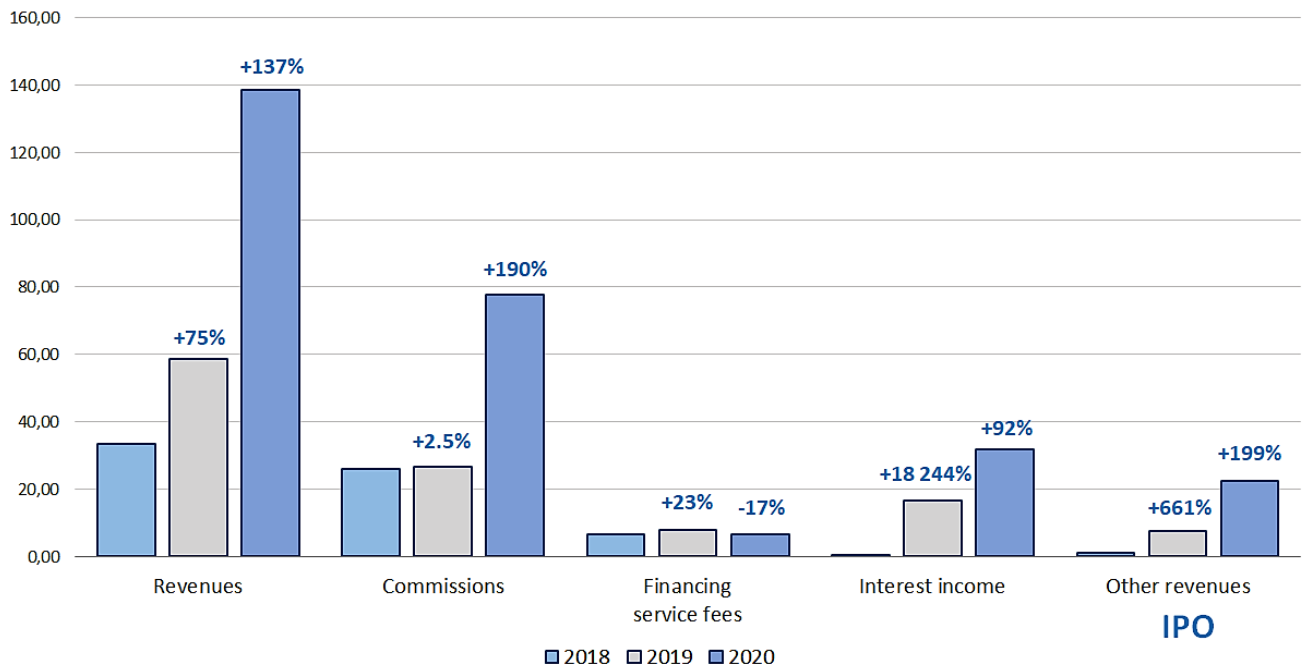
Standard Time
22:30 - 5:00

New York Stock Exchange
Nasdaq Exchange
American Stock Exchange (AMEX)
Chicago Board of Trade (CBOT), etc.

High historical revenue growth rates. 137% growth caused by an increase in trading volume and the launch of the IPO participation program.



Dynamics of revenue components, US\$ millions.

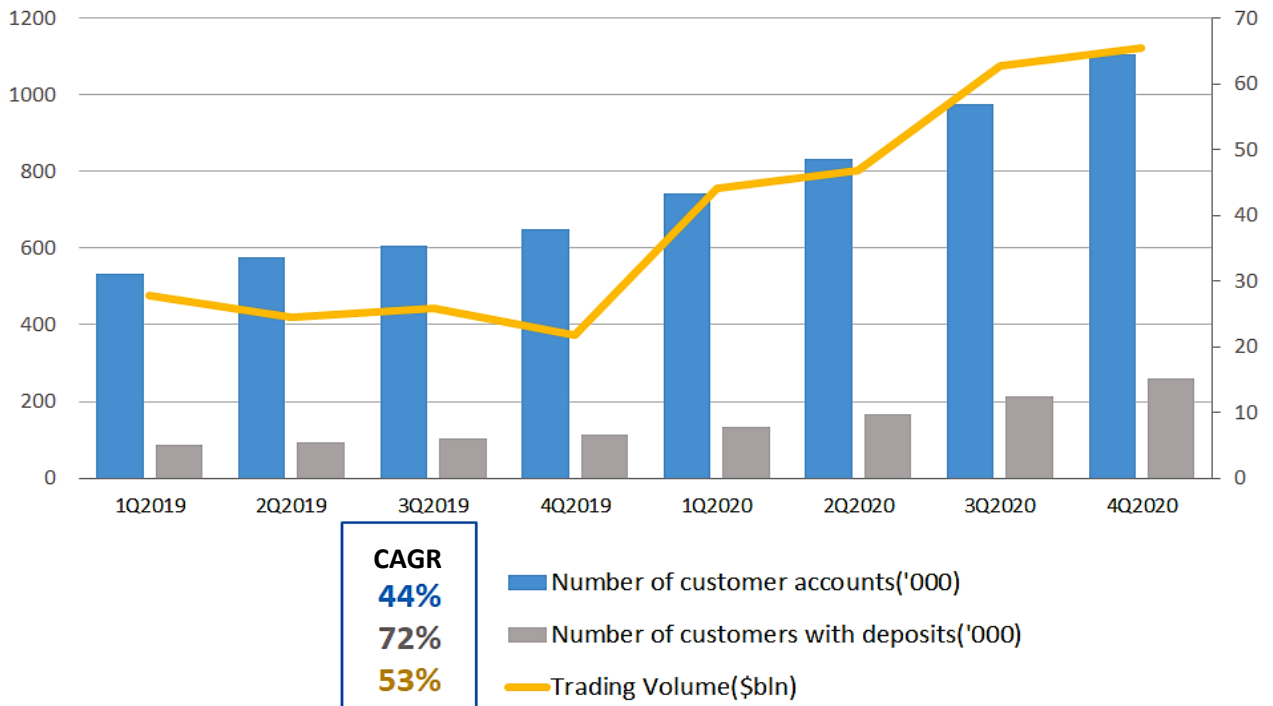


Year-over-year revenue growth was mainly driven by increase in commissions from the influx of new users and a rise in their investment activity, as well as a rise in Other revenues, due to the introduction of the IPO participation program for clients.

The customer base of the Tiger Trade platform is actively growing

Up Fintech is actively increasing its customer base, which, at the end of the 4th quarter of 2020, amounted to 1,104 thousand accounts, of which 259 thousand were accounts with deposits. Also, the volume of trading through their service rose, the YoY growth – 200%, – 5%.

Dynamics of activity

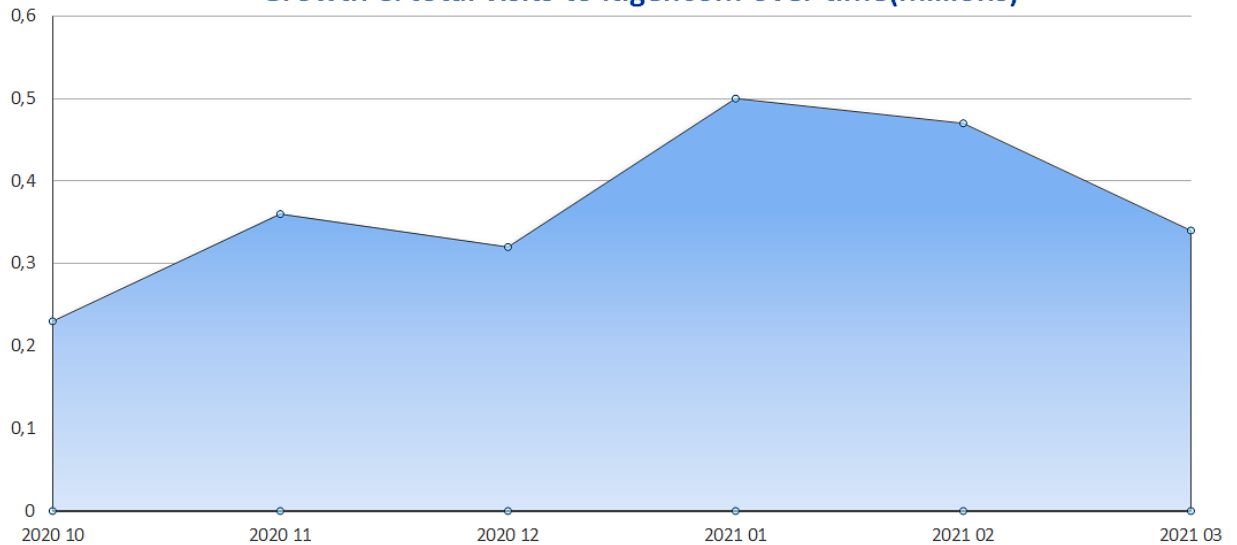


In Q1 2019, the share of customers with deposits from the total number of accounts was 16%. As of 4Q 2020, this figure is 23%.

At the end of Q4, the company has \$79.7m in cash and cash equivalents, which is almost 3% of the capitalization, and bears virtually no long-term liabilities (\$5.3m).

The broker's traffic also went into active growth in November but started to slow down from January 2021, which may be caused by the seasonality of the market or the expectation of a correction.

Growth & total visits to itiger.com over time(millions)



Change in the last 6 months: **+48%**

Growth prospects: generation of new investors in China as a target audience, entry into new markets, cooperation with the world's leading companies as shareholders.

1. Focus on the generation that will change China's investment activity

According to "e iResearch" research, in 2017, the service became the largest online platform for trading American securities in terms of trading volumes, aimed at Chinese investors with a market share of **58.4%**. The target audience of the company is "young and wealthy". At the end of 2018, **71.5%** of the platform's users were under **35 years of age**.



According to the international consulting company Oliver Wyman, by 2020, the number of the affluent middle class in China will reach 33 million people, twice as much as in 2015. It is the generation of the "young and wealthy" that is changing the investment climate in China. Also, there is an increased demand from Chinese investors for foreign currencies to diversify their portfolios due to the changes in the exchange rate of the Chinese yuan against the dollar in 2018.

According to the Xinhua news agency, the number of investors in the Chinese securities market reached about 181.48 million at the end of February. During the pandemic, trade volume in China increased by 60%. The beneficiaries of this sharp rise are brokers providing mobile online trading services.

2. New markets with higher conversion rates

The company currently has licenses to operate in the United States, Singapore, New Zealand, and Australia, underscoring its global expansion strategy. As of date 22.12.2020, customers outside of China represent about 20% of new customers with deposits. The company

believes that this figure could reach 50% in the year.

3. Interactive Brokers as a strategic investor and partner, as well as Xiaomi and Jim Rogers as shareholders

Currently, TIGR uses third-party services for most execution, clearing, and trading operations, with Interactive Brokers being the main one. Interactive Brokers is a strategic partner and investor of UP Fintech. Nevertheless, the management of Up Fintech voiced a desire to independently perform all operations with American securities, which will increase margins in the future.



Up Fintech is moving away from complete dependence on Interactive Brokers. In 2019, the company showed a greater diversification in the services it received from brokerages, where the share of IB was 78.4%, as opposed to 96.8% in 2018 and 99.5% in 2017.

UP Fintech investors also include Xiaomi, the world's third-largest smartphone maker, and Jim Rogers, a well-known American Wall Street investor.

Undervaluation by the P/S ratio relative to the market average with high revenue growth rates.

The selection below includes online brokerage companies. The fourth company on the list, Futu Holdings Limited, is a direct competitor to UP Fintech. It also targets the Chinese market, offering services in a mobile app and a PC terminal.

	Market Cap, BN\$	Revenue, MN\$	P/S	EV-to-Revenue	Revenue growth
UP Fintech Holding	2,72	138,50	19,86	18,95	136%
Charles Schwab Corp	134,43	11700,00	8,34	8,39	9%
Interactive Brokers	29,19	1900,00	12,74	13,98	14%
Futu Holdings Ltd	20,78	337,30	55,76	63,32	237%
Freedom Holding Corp	2,81	119,60	11,15	8,21	53%
Average	37,99	2839,08	21,57	22,57	90%

UP Fintech is undervalued by P/S relative to the average value multiple in the selection. Showing 136% revenue growth, the company, like its direct competitor, stands out from other brokers and has the potential to further increase revenue in the brokerage services market.

Risks associated with deceleration in growth of customer inflows and a competitive market

From January 2021, site traffic itiger.com and the broker's mobile apps declined by 32 %. If the negative trend continues, this may lead to a slowdown in the influx of new customers and reducing revenue growth.

Another problem for Tiger may be Futu, which has attracted twice as many customers so far. The services of the two companies are very similar. However, Tiger Brokers offers more securities in coverage and lower fees. In this race for a Chinese affluent young audience, other players may also appear – international companies or large Chinese brokers who decide to develop mobile applications

Now there is a good correction of stock prices from the maximum values.



Kind Regards,

Enhanced Investments Team

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