Warren Receives 120 Million Reais in Series B Investment

The digital broker announces its largest funding round to further improve the platform and customer experience

São Paulo, July 11th, 2020 – Warren, a Brazilian digital brokerage firm founded in 2017 in Porto Alegre, announced today that it has received a 120 million Reais investment led by QED Investors, which has invested in Brazilian companies including Nubank, Loft, Quinto Andar, and Creditas. Warren is redefining the investment landscape in Brazil by offering clients an alternative and accessible cost structure, aligning its interest with its clients’ interests and democratizing access to wealth management across Brazil.

“We believe we are witnessing a revolution in asset management in Brazil. Investors are much more aware of the damage caused by excessive fees to their portfolio returns. Warren’s focus has always been transparency and customer service, and they do this in a way that will democratize access to financial products, hence our excitement”. We look forward to using our operational experience to help the phenomenal Worky team continue to thrive” states Lauren Morton, a partner at QED Investors.

This round included participation from Kaszek Ventures, Chromo Invest and Ribbit, who were part of the company’s Series A. MeLi, WPA and Quartz – as well as QED – have joined the team for Series B.

In spite of the burdens imposed by COVID-19 on the global economy and the Brazilian financial crisis, Warren has doubled the size of assets under management and hired – remotely – 30 percent of its employees. In order to broaden the platform’s reach, Warren intends to continue hiring staff and will recruit 80 additional collaborators by the end of this year. The funds will also be used to develop new solutions for the company’s partner platform – Warren for Business.

“Warren is the first brokerage firm to offer Brazilians an investment mindset that is a reality in more mature economies. No wonder the fee-based model they offer is being dubbed ‘brokerage 3.0’ in the Brazilian market,” says Nicolas Berman, a partner at Kaszek Ventures.

In just over three years of operation, Warren has reached 130,000 clients and secured two billion Reais in managed assets. The platform offers 400 products, including seven funds managed by Warren itself.

“Our goal is to keep investing primarily in technology. We will continue to provide the best investment experience in a system that is fully aligned to investor’s’ interests, a subject that has gained increased importance in recent months,” says Tito Gusmão, Warren’s CEO. “We currently have more than 200 partners connected, and our goal is to double that number
and reach 400 by December. To do that, we will increase our offering of products and services such as insurance, private pension plans and financial planning. These services will be provided by a white label platform that helps our partners build their businesses.”

Warren employs a fee-based model, which charges a percentage of the total assets of the investor in exchange for managing their resources. This serves as an additional motivation for the broker to provide the best possible solutions for its customers: realigning incentives between the investor and the brokerage firm.

This is a new model for Brazilians in particular, who until very recently were accustomed to the commission-based model offered by most firms and banks. In this traditional structure, brokerage firms and financial institutions are compensated when the client acquires new products, sold by professionals that have sales targets to meet. This often leads the client to invest in products that, at the end of the day, would bring greater return to the firm – but not necessarily to the investor.

**Market transformation – Background**

In 2019, the company announced its Series A funding round, which raised 25 million Reais from 3 funds led by Ribbit – a Silicon Valley VC company that has already invested in fintechs such as Robinhood, Coinbase and Wealthfront.

Argentinian investors from Kaszek Ventures – a fund created by the founder of Mercado Livre – were also part of the first round. Kaszek’s portfolio includes companies such as Creditas, Nubank, Loggi and Gympass. Finally, Series A also included participation of Chromo Invest, an asset management company based in the south of Brazil. Ribbit, Kaszek and Chromo – who were all part of the first round – have all joined Series B as well.

Nikolay Kostov, partner at Ribbit, states: “In a low interest rate scenario, it is paramount that investors have access to various high quality, low cost and transparent alternatives.”

Renato Pereira, from MeLi Fund, is also bullish about the addition of Warren to the fund’s portfolio: “They have so many elements that fit into MeLi’s investment strategy: an extremely competent team, a unique structure and a broad range of synergies that will be advantageous to Mercado Livre – especially considering our Mercado Pago digital portfolio.”

According to Tiago Wallau Kretzmann, a partner at Chromo Invest, Brazilians are slowly discovering this “alternative” option in which products that used to be accessible only to large investors are now at the reach of regular individuals at a reasonable cost, in a responsible, suitable and transparent manner.
“Chromo was a seed investor in Warren. Right from the start we believed in their growth potential and in their highly qualified team. Three years into this partnership, we are very pleased with their journey so far and extremely excited about what is to come. This new round of funding restates our conviction and further improves Warren’s cap table by bringing in important players from the VC industry. This will give us the necessary resources to keep pursuing our path towards further growth,” Kretzmann adds.

About Warren

Warren is a complete investment platform - broker, manager and administrator - created in the United States and launched in Brazil in 2017. The company offers more than 400 investment products and is recognized for being the first broker aligned with the client in the country, with the mission to transform investing in an efficient, transparent and uncomplicated experience.