

# Wealthsimple secures another mega-raise and \$3.7B valuation

## Article

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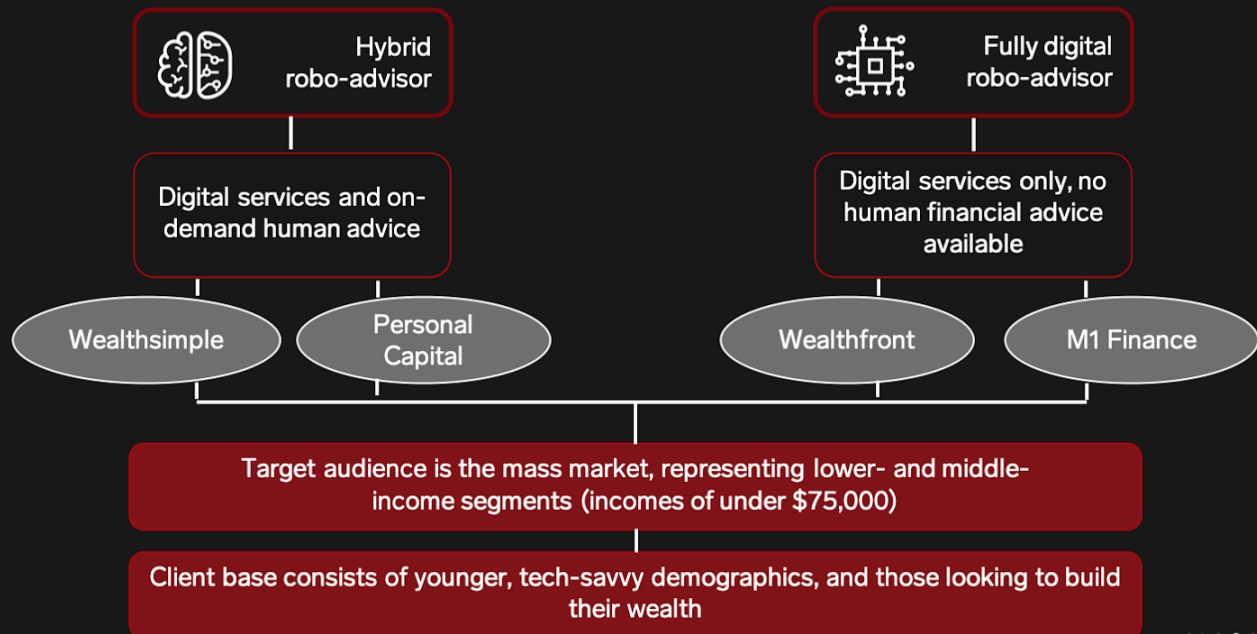
The Canadian fintech netted a C\$750 million (\$559.2 million) funding round at a staggering C\$5 billion (\$3.7 billion) valuation led by venture capital firms Meritech and Greylock, [per](#) Finextra. Wealthsimple—which has operations in the UK as well—also passed the [2 million user](#) milestone in its domestic Canadian market.

Wealthsimple has tripled its valuation since its [October 2020 raise](#) following a reprioritization of its domestic market.

- **Wealthsimple has profited from a surge in retail trading during the pandemic.** The fintech's free online trading platform, [Wealthsimple Trade](#), saw [user growth](#) of around 1,000% from 2020 to 2021, and [18%](#) of all new brokerage accounts in Canada that opened in H1 2020 were with Wealthsimple.
- **Two of Wealthsimple's recent product launches have seen high uptake.** Both [Wealthsimple Crypto](#) (August 2020) and [Wealthsimple Cash](#) (March 2021)—which let users trade cryptocurrencies and make peer-to-peer money transfers, respectively—launched in the last year, and [WealthSimple](#) says they successfully brought new users to the fintech's platform.
- **The decision to exit the US market likely also emboldened investors.** Rival digital wealth manager Betterment will absorb Wealthsimple's US book of clients by [June](#) this year. Wealthsimple [struggled](#) to gain a foothold in the hotly contested space and decided to focus on the home front instead; this likely assured investors that the fresh funding would not be diluted among three markets.

**While Wealthsimple pursues becoming a one-stop shop for Canadians' financial service needs, it should continue expanding its investing options.** Wealthsimple plans to drive growth and become its users' [primary financial institution](#) by rolling out additional financial services like insurance and mortgage products. But Wealthsimple should also fuel user growth within its existing investment offering—to do so, it could follow the lead of fellow digital wealth manager [Wealthfront](#) and add more self-directed investing options. Wealthsimple could let users build their portfolios from a selection of ETFs. This will help Wealthsimple further tap into surging interest in self-directed investing and platforms like [Robinhood](#).

## MAIN TYPES OF STARTUP WEALTH MANAGERS



*Note: Companies listed are illustrative, not exhaustive*

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