

The Opportunity in Private Credit Amidst Slowing Public Markets

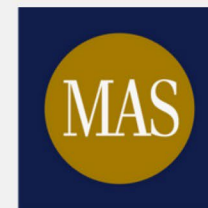
Radek Jezbera
October 2023



Founded in 2019, Kilde works with Family Offices, Funds, and Accredited Investors by giving them access to exclusive private credit deals.



Licenses



Monetary Authority of Singapore

Capital Market Services
Dealing in Securities



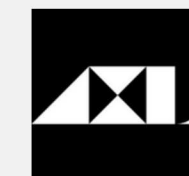
ABU DHABI
GLOBAL MARKET
سوق أبوظبي العالمي

Tech Startup License

Partners



Shareholders



Performance of Markets in 2022/2023 Caught Us Off-Guard

Amidst the AI frenzy in the stock market, the bond market is showing concern with a significantly inverted Yield Curve.

S&P 500 performance outperforms bond returns 1.45x.



S&P 500 to Bonds Ratio

Zoom 10y 50y 70y 100y All

Dec 10, 2021 → Sep 15, 2023



Source: Longtermtrends, Trading View

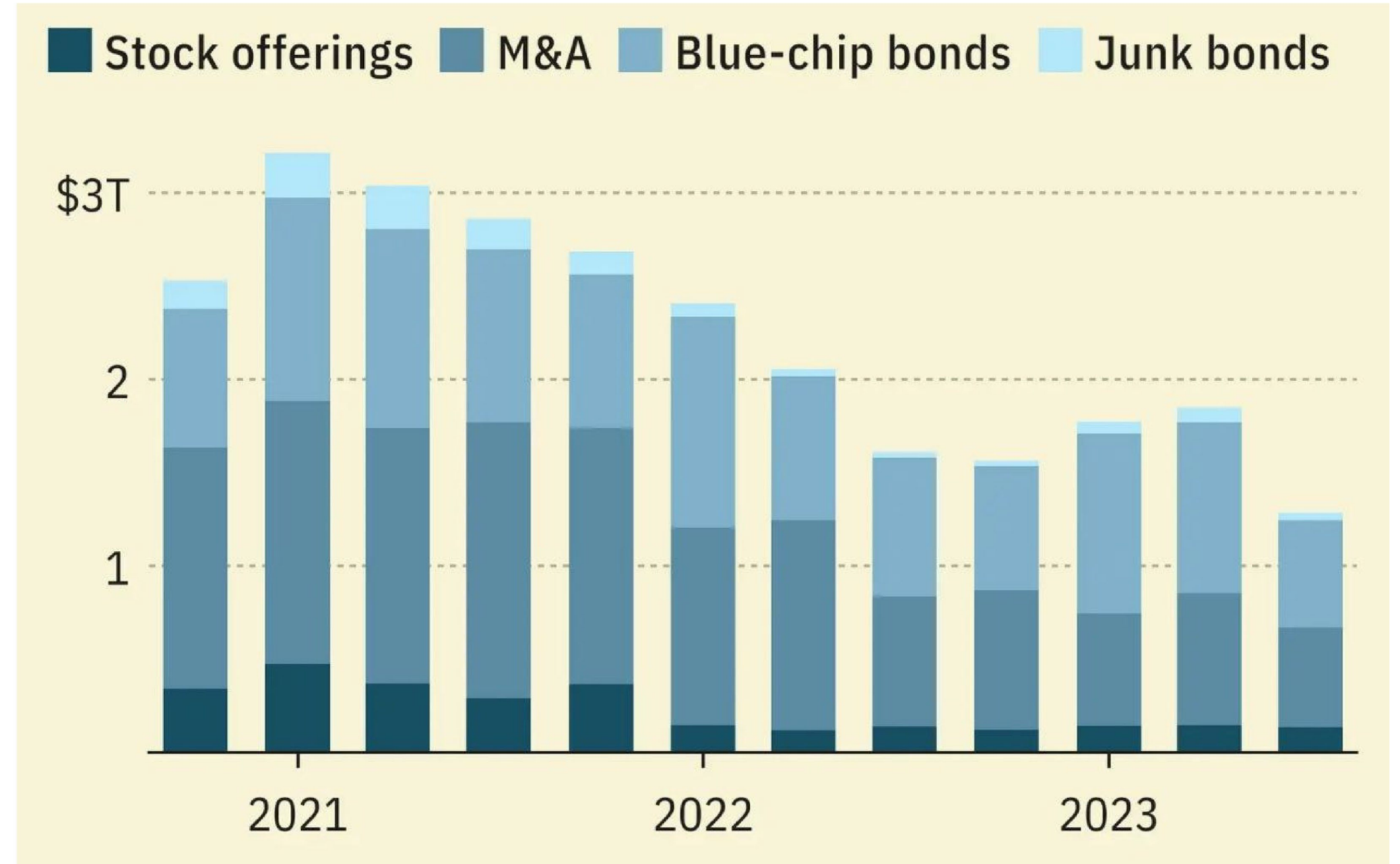
Deal Making Activity in Public Markets is Slowing Down

M&As have decreased globally by 32% compared to 2022, which is even worse than the pandemic year.

New listings are scarce, and syndicated loans are on track for their slowest quarter since spring 2020.



Deals by dollar value, USD trn



Source: Semafor, Deallogic, Sep 2023

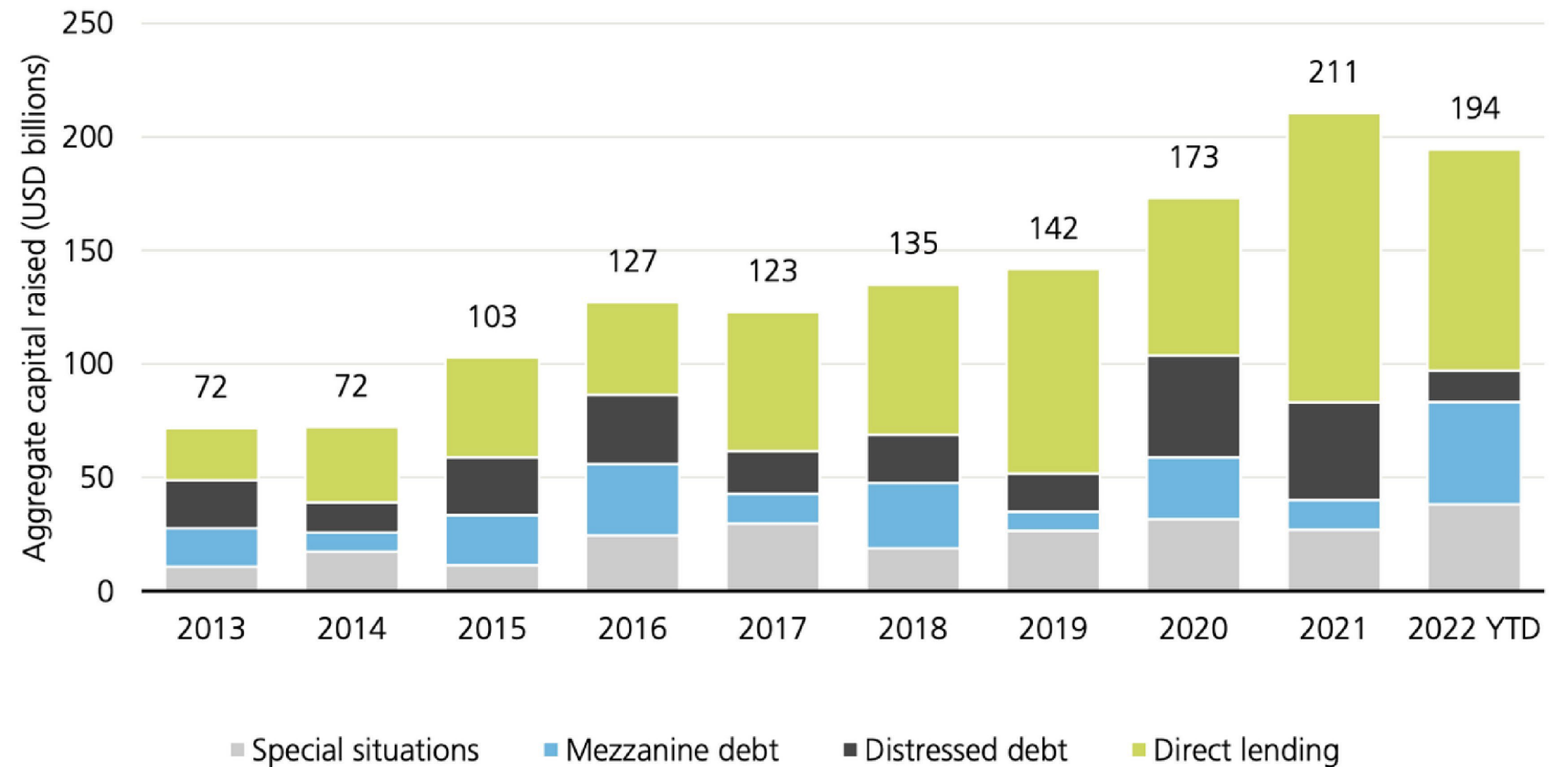
Private Credit Growth established itself as a Recognized Asset Class.

The private credit market has grown more than six-fold since the Global Financial Crisis.

Today, the private credit market stands at \$1.2 trillion.



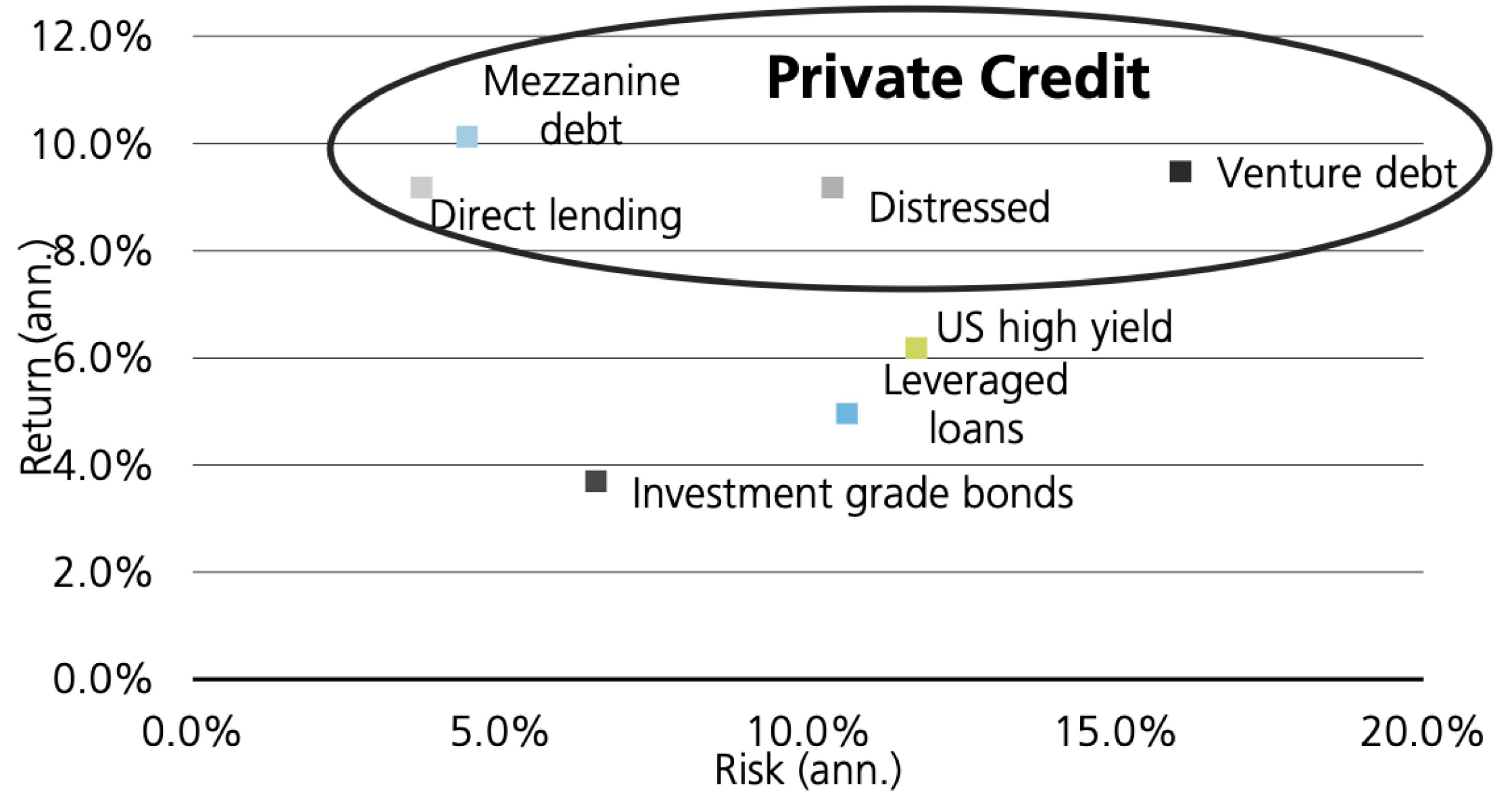
Private credit fundraising, USD bln



Source: Goldman Sachs, Prequin: As of December 31, 2022

Risk-adjusted returns on private credit are attractive

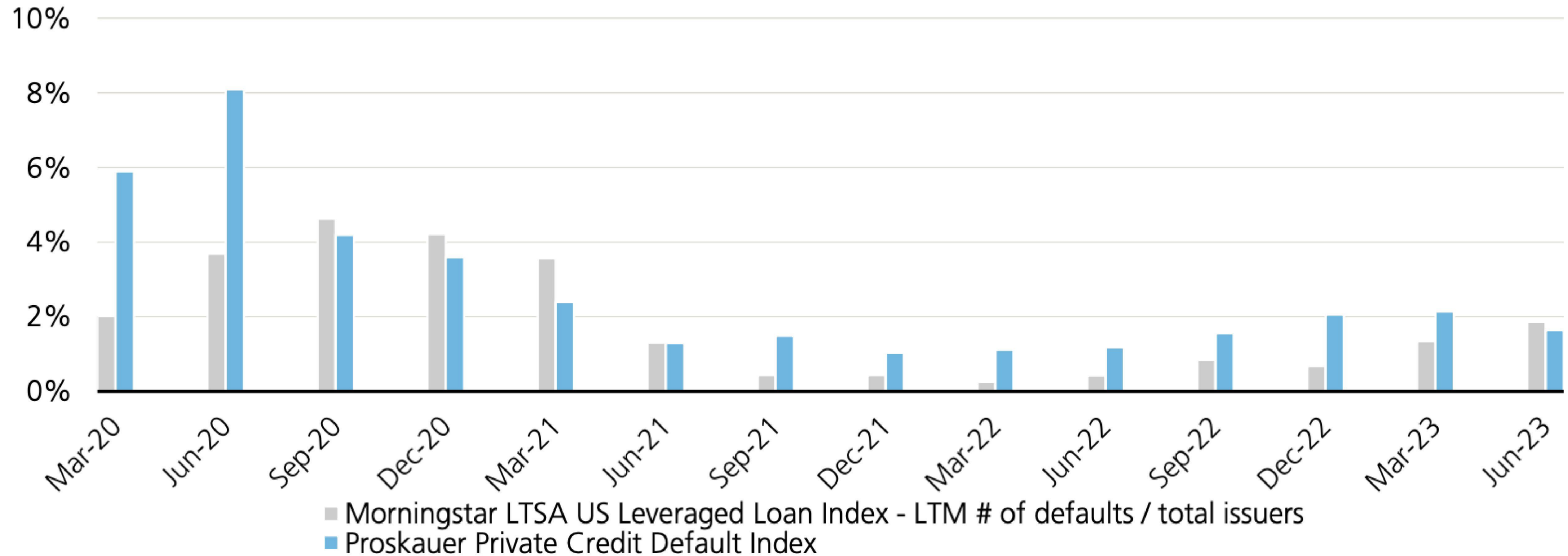
Private credit risk & returns



Source: UBS, Cliffwater Direct Lending Index, Morningstar Direct, Cambridge Associates, PitchBook, as of 31 Mar 2023.



Private vs public credit default index



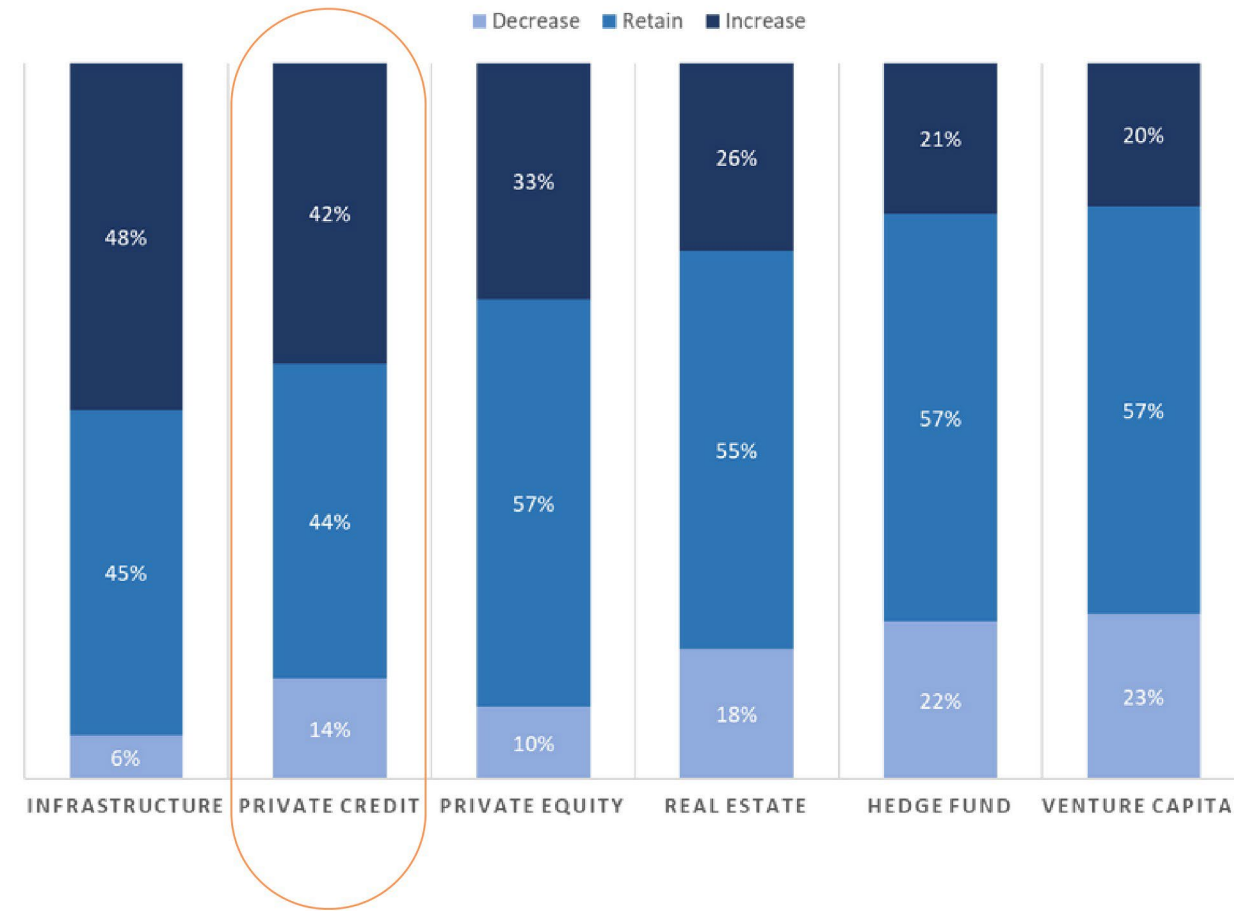
Source: UBS, Pitchbook LSTA, Proskauer, as of 30 Jun 2023

Family Offices exhibit a **strong preference for private markets**, with the majority seeking to **increase or maintain** their allocations.

The key challenges that they face are **access to the best direct deals, high fees, liquidity constraints, and the lack of transparency.**

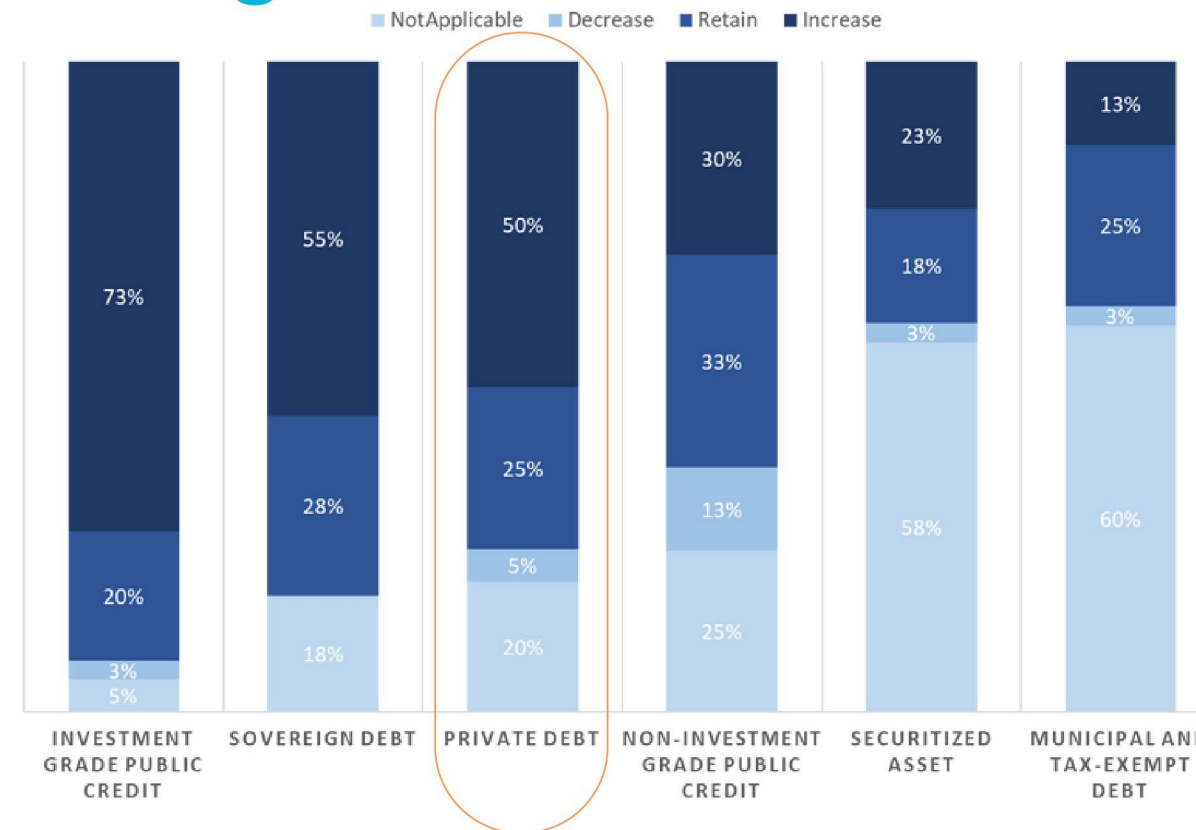


Expected Changes to Current Alternatives in 2023



Among the family offices surveyed, **86%** stated their intention to **increase or maintain** their exposure to private credit within their alternative investment holdings

Changes to Fixed Income Allocation



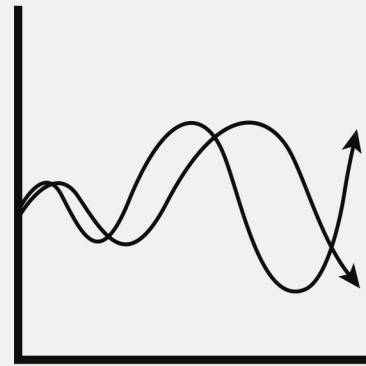
In the specific category of fixed income, **75%** of the surveyed family offices indicated their intention to **increase** their allocation or **maintain** current levels.

Useful Properties of Private Credit



Income generation

The asset class has consistently generated higher yields than most other asset classes, including public high yield bonds.



Resilience

Private credit typically incurs lower losses than high-yield bonds.



Return Enhancement







Private credit instruments typically use floating rates (e.g. SOFR) and may include price floor clauses.



Diversification

Speciality credit strategies are less sensitive to the cycles of the broader economy.

Finding an Experienced Private Credit Manager

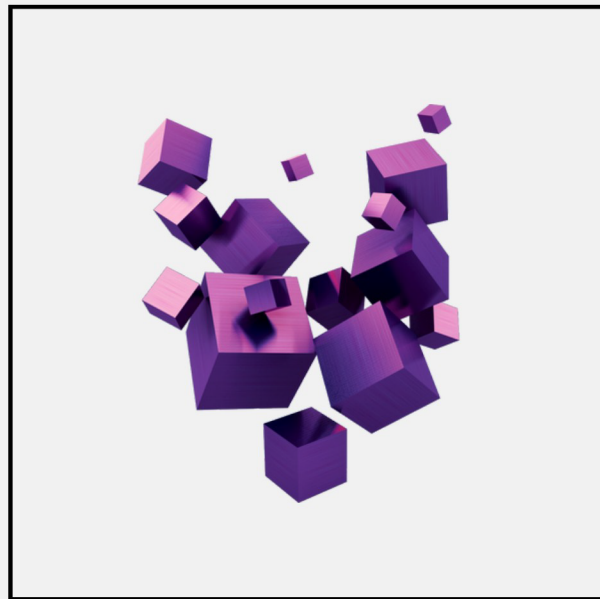
-  Borrower/Asset focus - lend to mid-market or specialised assets?
-  Capital structure expertise - senior to distressed strategies?
-  Cycle experience - can they weather downturns?
-  Deal terms/protections - do they negotiate strong lender protections?
-  Distressed capabilities - can they maximise recoveries when needed?
-  Track record - what are their returns over time vs benchmarks?



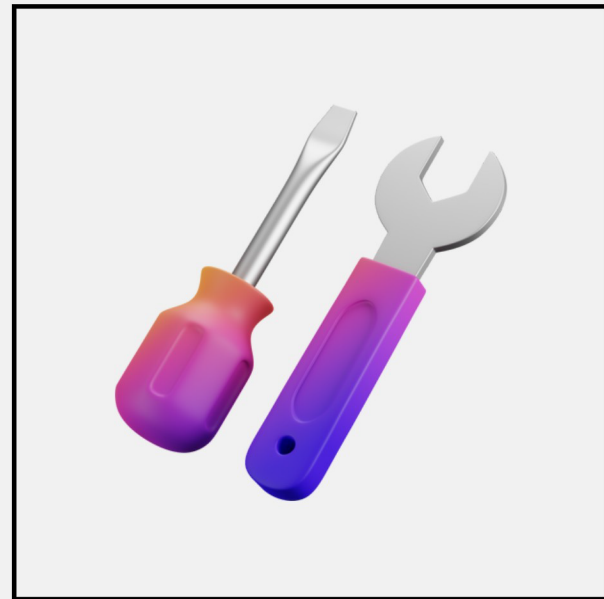
We provide **senior secured loans** to last-mile lending technology companies, with strong capitalisation ratio, **healthy balance sheet** and an capable management team.



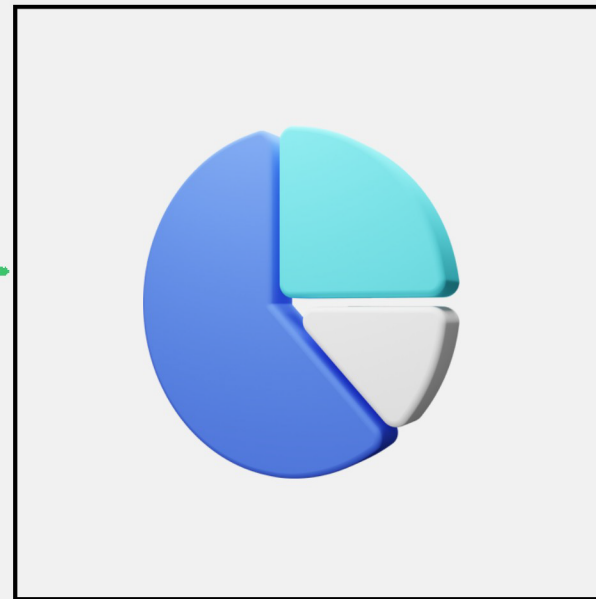
We have **50,000+** individual loans as collateral with **160%+** cash coverage of the investment



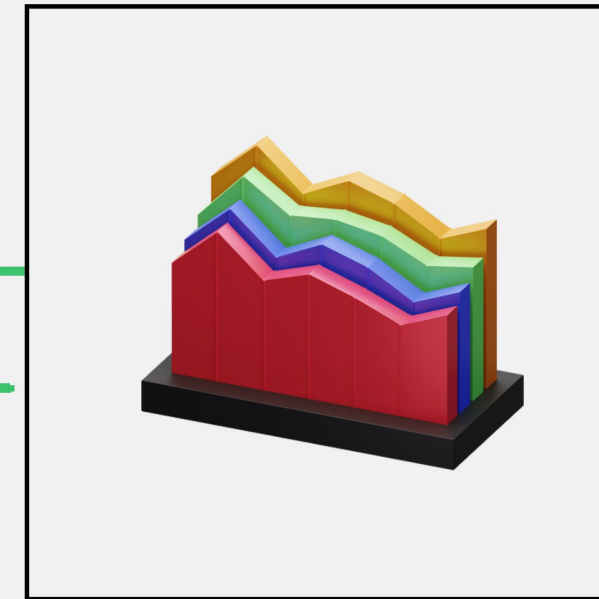
20M+ data points on loans and repayments



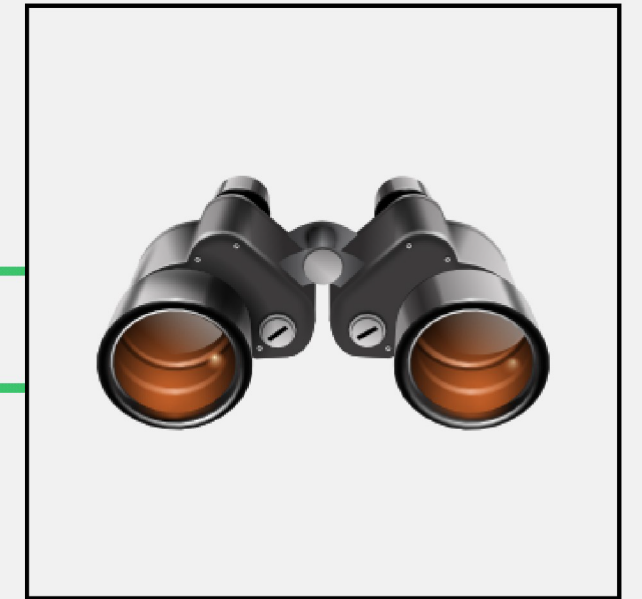
Data transformation & standardisation



Collateral aging breakdown



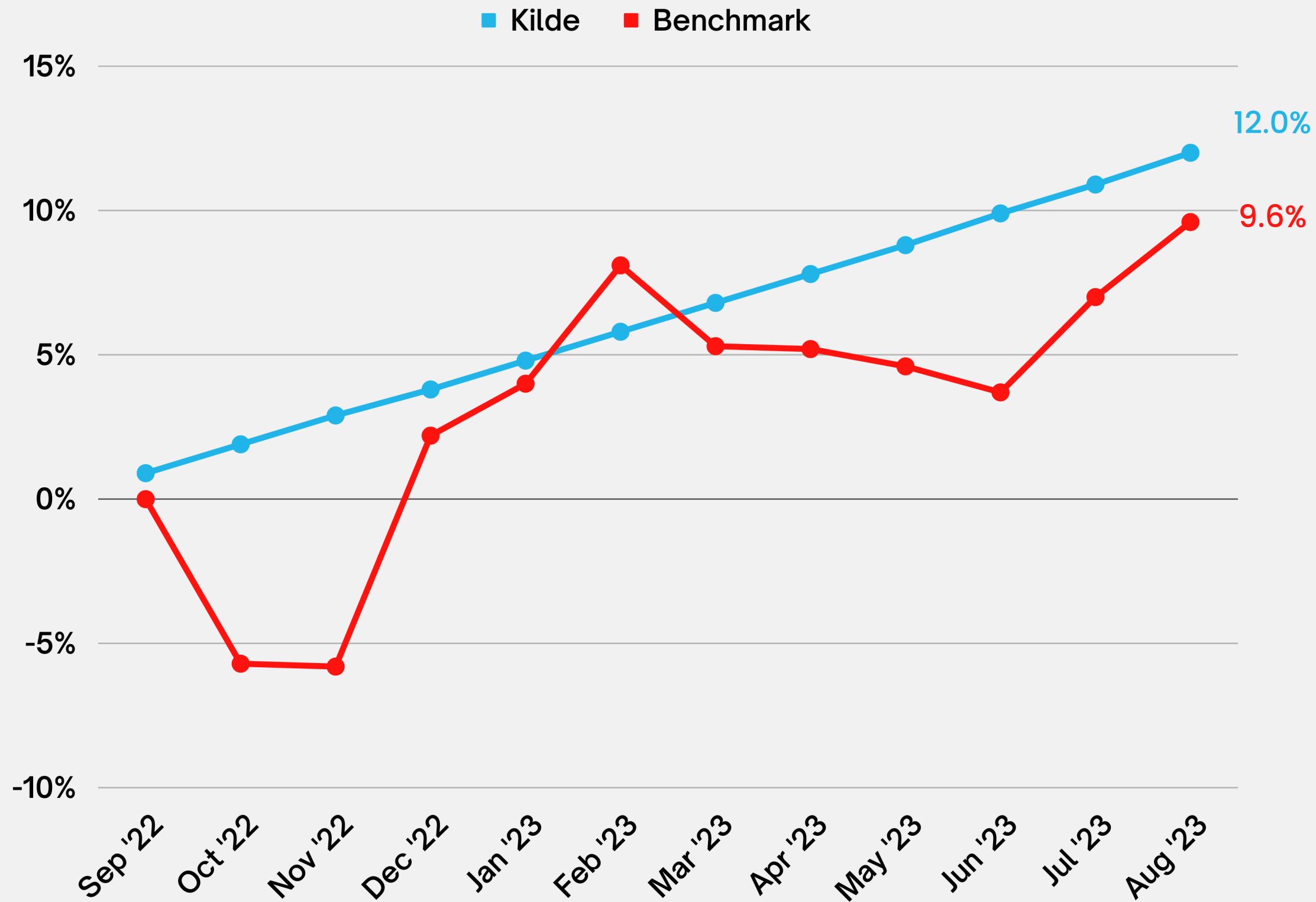
Cohorts performance



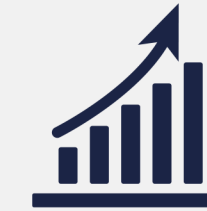
Collateral cash flow rolling forecast (95% accuracy, 6 months ahead)



Investment Performance



Benchmark: iShares J.P. Morgan EM High Yield Bond ETF



12.0%

Annual return, Aug '23



160%

Collateral cash coverage



0.0%

Defaults





- **Historical Returns at 10-13% p.a.**
- **Monthly Coupons**
- **0.0% Default Rate**
- **Tenure between 3-36 months**
- **Flexible 3 Month Redemption Cycle**





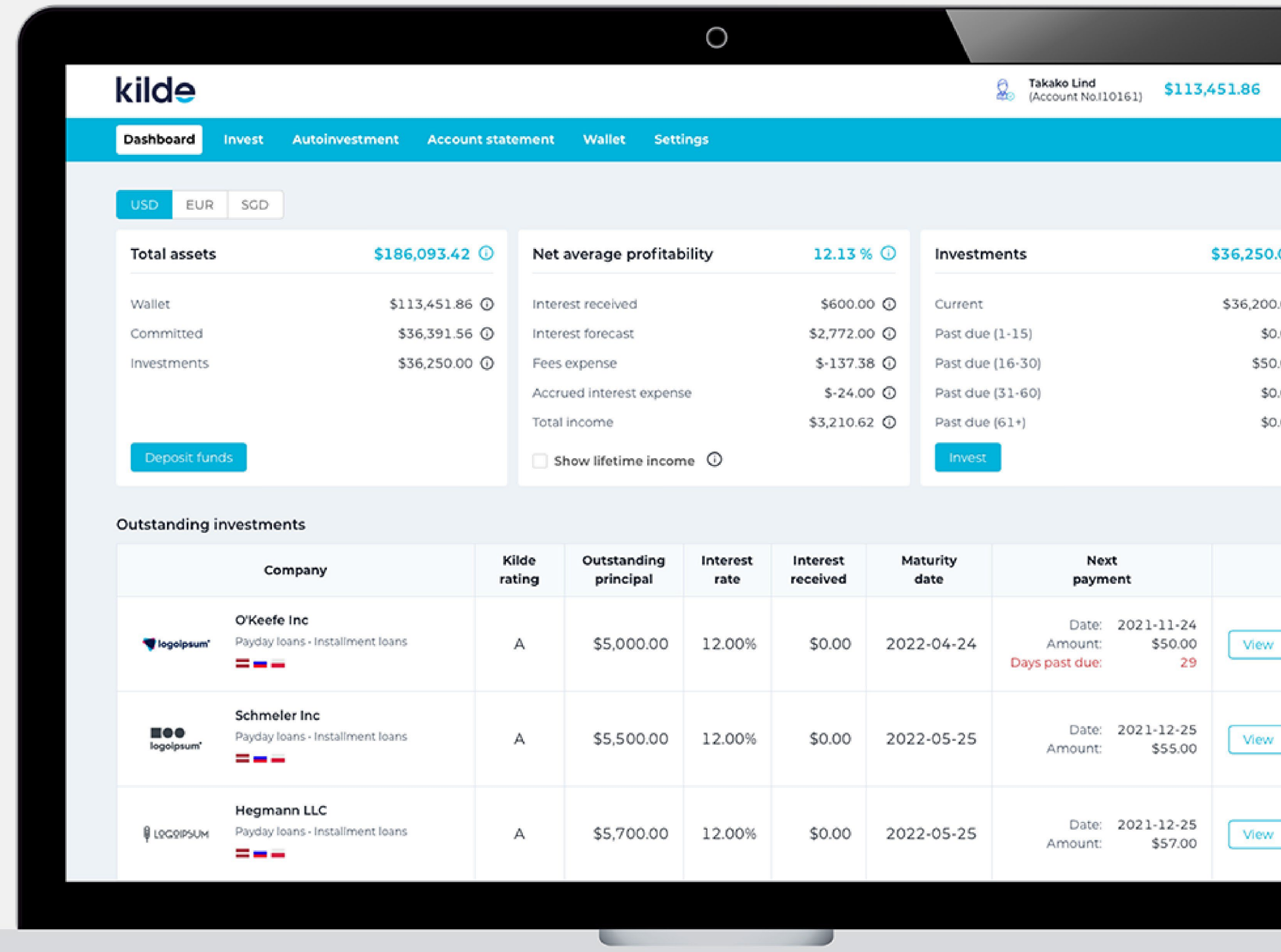
Licensed by:



Monetary Authority of Singapore

Monitor your investments 24/7

- **Detailed NAV Breakdown** empowers investors to gain a comprehensive understanding of their portfolio
- **AutoInvest** function selects deals that best fits investor's mandate based on parameters such as tenure, returns, and sector
- **Clear Visualisation** of available deals, updated reports that provides investors with an arsenal of tools to facilitate the best investment process



We work closely with borrowers to structure private credit deals to protect downside for investors.

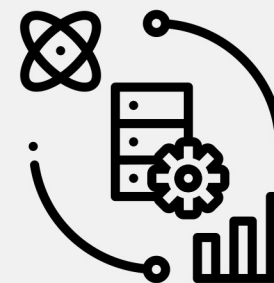


Global Deals



- **Curation of borrowers**, with average acceptance rate **less than 10%**
- Exposure to frontier Europe, Southeast Asia, and Central Asia

Risk Management



- **Institutional-grade credit scoring system**, benchmarked against the largest credit rating agencies
- Implementation of **covenants**, **assessing of financial statements** on a monthly or quarterly-basis

Singapore Law



- Full suite of agreements and contracts drafted in **Singapore legislation**
- Funds are **escrowed** through **DBS**, the largest bank in Singapore

[1] Understanding Investors Needs



Speak with Kilde's professionals to understand the deals available and what works best for your investment mandate

[2] Portfolio Construction



Direct subscription on the deals, get access to all legal and contractual documentation, and allocate the funds based on returns or sectors

[3] KYC and Due Diligence



Kilde proceeds with the KYC and Due Diligence process for institutional investor

[4] Deposit into Platform



Process to top up the funds securely through an escrow account

[5] Portfolio Management



Dashboard will reflect deals, performance, and current status, and to track cash-flow and liquidity management on coupons received

→ **We manage the end-to-end investment process from discovery to repayment**

Thank You!

The logo for Kilde, featuring the word "kilde" in a dark blue, lowercase, sans-serif font. The letter "e" is stylized with a light blue arc underneath it, resembling a wave or a smile.

- THIS DOCUMENT, ITS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE COPIED, RECORDED, RETRANSMITTED OR FURTHER DISTRIBUTED TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, BY ANY MEDIUM OR IN ANY FORM FOR ANY PURPOSE. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS.
- The information in this presentation is intended for “institutional investors” and “accredited investors”, in accordance with the Securities and Futures Act (Cap. 289) of Singapore.
- This document and any question and answer session that follows the oral presentation do not contain all of the information that is material to an investor. By attending the meeting where this presentation is made, or by receiving and using this presentation and/or accepting a copy of this document, you agree to be bound by the following limitations and conditions and, in particular, will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep this document and its contents confidential.
- This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities, solicitation or advice on buying or selling financial instruments and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness.
- The yields are presented as gross without taking into account potential withholding or other tax implications. The tax arrangements need to be considered case by case, given the tax residency of both the issuer and investor.
- KILDE PTE LTD is incorporated in Singapore under registration no. 201929587K holds a Capital Markets Services license (CMS101016) issued by the Monetary Authority of Singapore to deal in capital markets products under the Securities and Futures Act (Cap. 289).

