Democratizing Access to Private Debt Markets: Kilde Opens Data-Driven Avenue for Private Investors to Enter with Less Than $5M in Investments

Radek Jezbera is the Co-Founder & Chief Executive Officer of Kilde. He is a capital markets professional, investor, and venture builder. Based on his experience in investment banking, he and his co-founder, Oleg, built a private credit-focused investment platform using credit analytics and big data to make safe and smart decisions in the private credit sector. Kilde gave Radek the leeway to use his track record and expertise in a way that is scalable and impactful to markets that were previously and only within the reach of large institutional investors.

GET IN TOUCH

View Radek Jezbera's LinkedIn Profile

Find out more about Kilde

RADEK JEZBERA
Kilde

Today, Kilde's investors can reap significant yields from investing in private assets, including but not limited to consumer and SME loans, car loans, and banks in markets such as Eastern Europe, SEA, Central Asia, and LATAM. In a recent discussion with Hubbis, he reported that in 2023, Kilde was able to achieve a 12.13% annual return on private credit notes supported by 160% collateral cash coverage.

Radek further explained that by leveraging artificial intelligence software that mines loan repayment data for small loans over short tenures, it is possible to establish a reliable cash flow baseline used as collateral. The result is lucrative risk-mitigated fixed-income opportunities to private clients that were previously only available to major institutions and banks, or the largest family offices.

Today, Kilde connects family offices, funds, and accredited investors to investment-ready private credit deals in developed and emerging markets. It offers senior secured loans to last-mile lending companies with strong capitalization, a healthy balance sheet, and an experienced management team. These loans typically last 12 to 36 months, with investors receiving monthly coupons and early redemption rights. So far, Kilde has maintained a 0.0% default rate.

The firm is regulated by the Monetary Authority of Singapore as a financial institution dealing in securities and is an exempt financial adviser. Their senior team has over 30 years of experience in consumer and SME lending. They have served over 400 individual and institutional investors who, in 2023, invested $40 million in deals that produced higher returns, had zero defaults, and came with an early redemption option every three months.

Institutions and private clients

"Kilde puts institutions and family offices at the heart of what we do," Radek explains.

"We work largely with institutions and family offices, as well as HNWIs. We have achieved high returns and zero delinquencies since we launched in 2021, and delivered consistent cash coupons to our clients, either on a monthly or a quarterly basis," he elaborates. "Additionally, most of our deals are semi-liquid, allowing investors to redeem every quarter, a feature that is not at all common in the world of private credit and private equity, making a real point of differentiation for Kilde."

"We have also successfully reduced investor transaction costs to near 0 in the field of private credit. We understand that high transaction costs can significantly impact returns, with some strategies

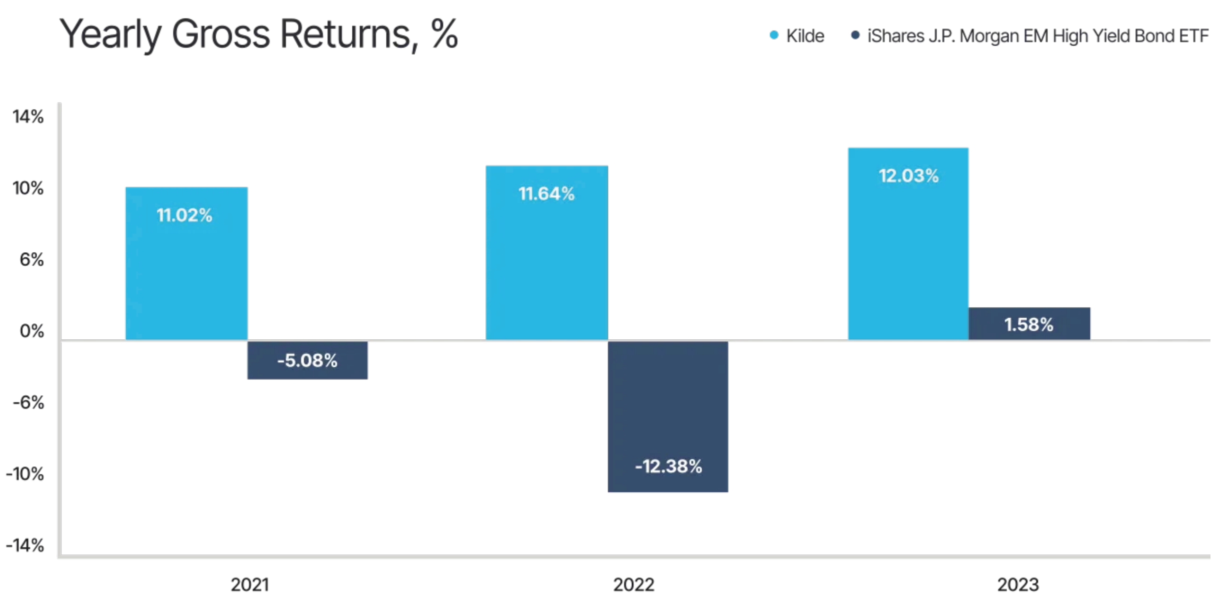

Figure Provided by Kilde

costing over 5% per deal. As a result, we created a standardised legal package, repeatable structures and seamless investment syndication. The result is more money working for our investors, allowing them to save on fees that are as low as 0.5% p.a." said Radek.

Track Record

Radek himself is a seasoned financial industry practitioner with over 20 years of experience in payments, credit risk, and consumer lending. Formerly a Consulting Director at PwC and later a partner in a boutique credit risk consultancy, he has played pivotal roles in driving strategic initiatives. Radek holds dual Master's degrees in Management and Information Systems, an MBA from IE Business School, and is a certified Project Manager.

He reports that Kilde focuses on consumer and micro-SME loans, collecting vast amounts of data about the loans issued in Southeast and Central Asia. Kilde then transforms them into investment opportunities for income investors. These investors can utilize Kilde's smart risk management and portfolio management to obtain risk-mitigated exposures to these assets and indirectly to the obligors, such as small shop owners or other small businesses.

> ***« "You would not buy into any of these opportunities without data and without rigorous analysis, which is what Kilde does, applying both our data analysis skills and its expertise and experience to the process." »***

A deep pool to draw from

He explains that they currently have over 100,000 loans in their pool of collateral with 160% cash coverage, and their investors can obtain access to a highly diversified asset pool with a short tenor of 90 days on average and monthly returns equating to 10% to 13% per annum, based on historical performance. "We have consistently beaten key emerging market high-yield bond returns," he states.

Expert risk analysis

In addition, Radek reports they have built cutting-edge credit risk analytics software for selecting the best investment opportunities supported by their own expertise in consumer and SME finance. "You would not buy into any of these opportunities without data and without rigorous analysis, which is what Kilde does, applying both our data analysis skills and its expertise and experience to the process," he states.

Kilde is based in Singapore, and delivers its investments through several vehicles, with more in the production line. "But the most popular avenue is to get direct exposure with the issuer by buying privately placed bonds," he explains. "In the future, we will also open up the opportunity to invest through funds in the form of the variable capital company [VCC] and actively managed certificates; those will emerge later this year.

From smaller to substantial

Radek also reports that the larger investors generally allocate US$ 3 million or more to each investment, up to the tens of millions. In

« "Private credit therefore has an ideal and rising prominence in any well-balanced, well-assembled portfolio. Little surprise then that private credit has surged from some US$ 800 billion to more than US$ 1.6 trillion as of March 2023." »

contrast, investments from corporates and the family offices generally start at about half a million US dollars and ramp up as they become more comfortable with the product. The platform also accommodates HNWIs who might invest up to US$ 1 million and whose exposures average several hundred thousand dollars.

Radek observes that the current trends show that more private capital is available for such investments generally and that typical family offices allocate some 70% of investment funds on average for cash-generating assets and the other 30% roughly for growth.

Private credit shines ever brighter

"We have seen that in the past couple of years, even the safest public fixed-income investments such as US Treasuries can be surprisingly volatile, and private credit's star has risen partly in relation to growing awareness around those negatives of publicly traded assets," he explains. "Private credit therefore has an ideal and rising prominence in any well-balanced, well-assembled portfolio. Little surprise then that private credit has surged from some US$ 800 billion to more than US$ 1.6 trillion as of March 2023, according to BlackRock's analysis based on Prequin data." (BlackRock, 2024 Private Markets Outlook)

Family offices incline towards private assets

He says that family offices are demonstrating this clear trend. "Family Offices exhibit a growing preference for private markets, with the majority seeking to increase or maintain their allocations, according to research (Campden Wealth / Raffles Family Office, The Asia-Pacific Family Office Report 2023)," he reports. "The key challenges that they face are access to the best direct deals, high fees, liquidity constraints, and the lack of transparency. At Kilde, we address and overcome all those concerns."

He added that among the family offices surveyed, 86% stated their intention to increase or maintain their exposure to private credit within their alternative investment holdings. "In the specific category of fixed income, 75% of the surveyed family offices indicated their intention to increase their allocation or maintain current levels," he adds (BlackRock Global Family Office Report 2023).

Risk management and risk aversion

Radek also addresses the issue of risk, explaining that analysis is central to the offering, and also that, interestingly, private credit investors generally have access to more information about a company from the issuer, and they have more triggers, or more levers, to react to what might be happening in the company. "Our dedicated credit team monitors covenants quarterly to ensure deals remain healthy," Radek notes.

Moreover, he adds that the borrowers are often the same issuers who tap the public markets but do so privately as well to diversify funding sources and also to smooth out any seasonal demand fluctuations, as well as diminishing their reliance on the banks, which can be fickle, especially when regulatory capital needs are changing.

Healthy growth

Kilde reported US$ 41.3 million of AUM at the end of 2023 and anticipates that it will surely reach US$ 105 million by the end of 2024. The firm is headquartered in Singapore and has a growing operation in the UAE through their presence in the Abu Dhabi General Market, supported, Radek reports, by strong shareholder partners. ■