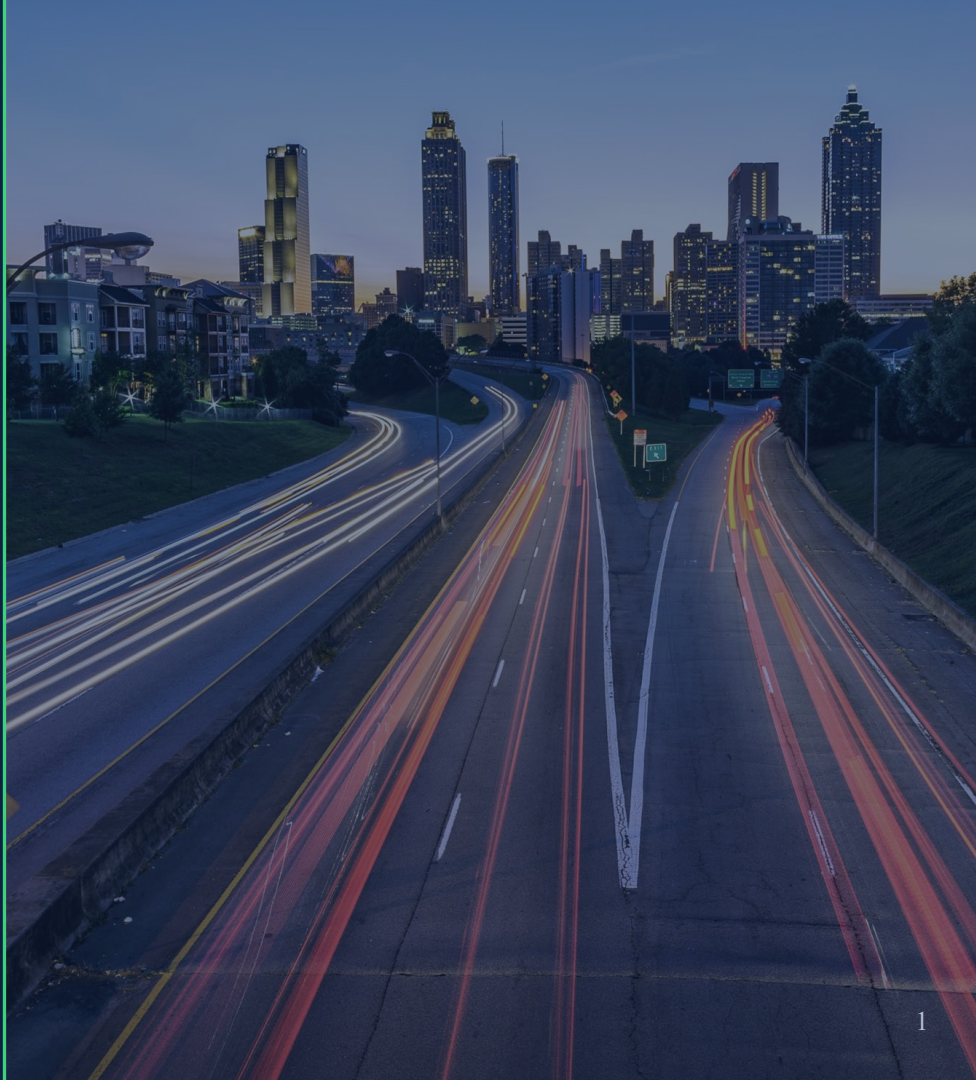




HELICAP

Private Investment Access | Sustainable Lending

Navigating Unprecedented Times with Private Credit



David Z Wang

Co-Founder & CEO

www.helicap.com



Morgan Stanley

NOMURA

- Global Investment Banks (2007-2016)
- Founded VC firm 33 Capital. Scaled a payment company from Series B to IPO (2015-2017)
- Co-founded Helicap in 2018 (Private Credit), licensed by MAS, raised US\$10mil in equity

The Alternative Lending Sector As Main Volume Catalyst For The Group

Group Volume

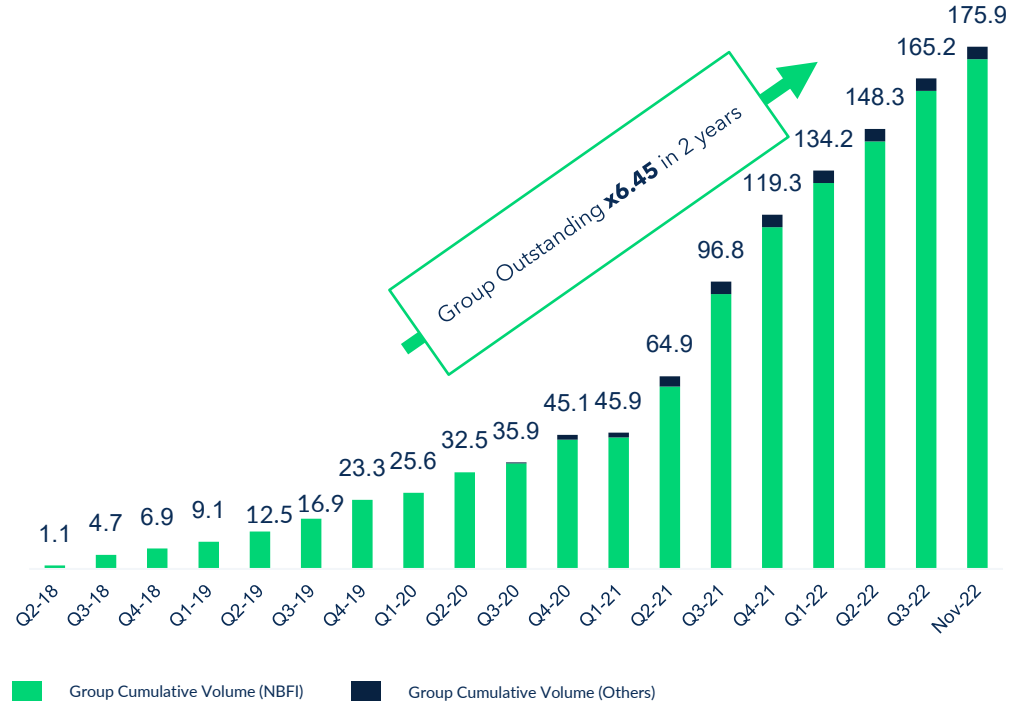
Total Volume:
~USD 200m

Outstanding Investments:
> USD 100m
 (incl. assets under administration)

No. Completed Deals:
> 100

No. Countries with Investments:
7

Investor Network:
> 1,000

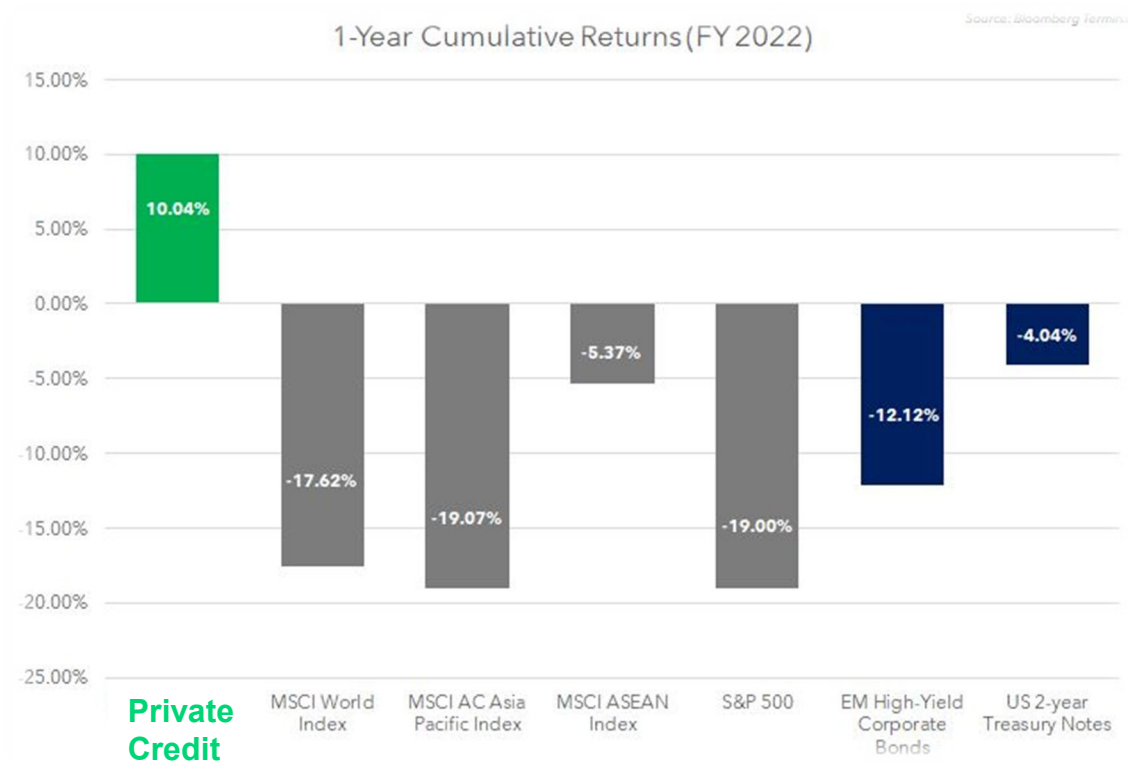


Our Next

12 Minutes

- 1 a. What is special about Private Credit today
- 1 b. Asset allocate & Private Credit
- 1 c. Unique risk management features
- 2 a. Why we focus on SEA
- 2 b. Non-bank financial sector in SEA

Calm Amid the Storm



SPX500 overvalued at above 25x PE Ratio?

S&P500 10-Year P/E (CAPE) Ratio

of standard deviations above/below average



● S&P500 CAPE: # of Std Devs from Average

Across the economic cycle:

Senior Debt is most suitable for the current climate and vintage

2008 to 2020

Economic Expansion

Late-stage Expansion 2021

Contraction 2022 to 2024?

Early Expansion

SENIOR DEBT: Typically an all-weather strategy; more headwinds in late-stage expansion

CREDIT OPPORTUNITIES: Best opportunity set in contraction / early expansion; ability to capitalise on distress makes this almost an all-weather strategy

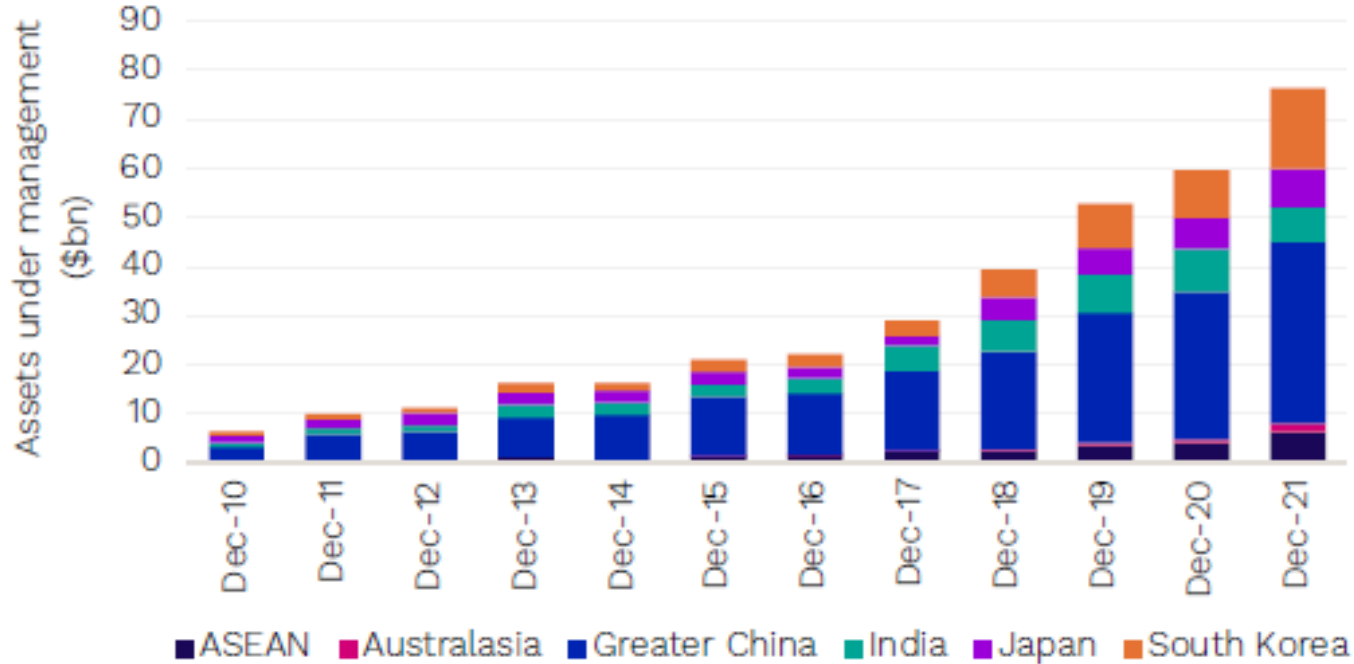
DISTRESS CREDIT:

Requires financial distress, localised or widespread, to expand opportunity set

MEZZANINE CAPITAL APPRECIATION

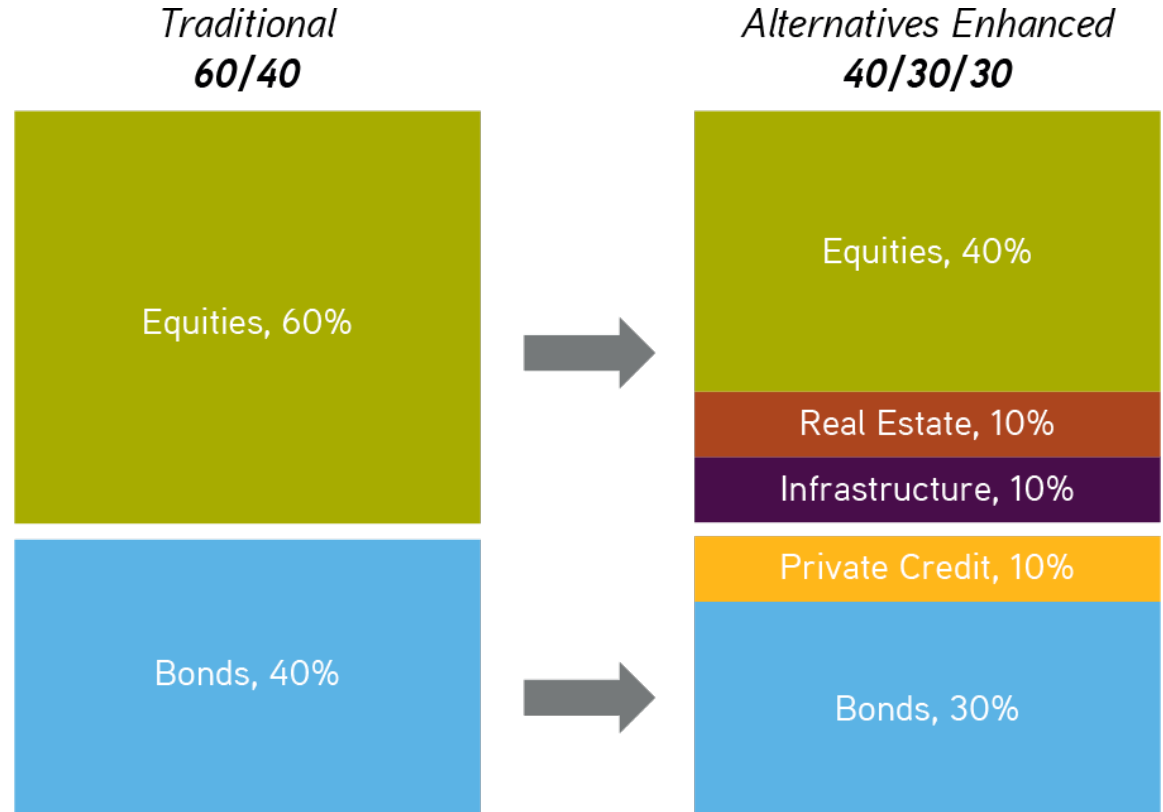
MEZZANINE CAPITAL APPRECIATION

Asia Pacific Private Credit AUM is rapidly rising



How KKR Suggests Enhancing the Traditional '60/40' Portfolio

Data as at May 3, 2022. Source: KKR Portfolio
Construction and Data Analytics.

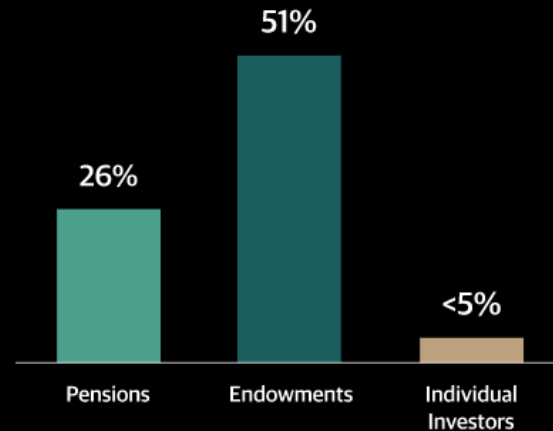


Blackstone suggests lack of focus from individual investors <5%

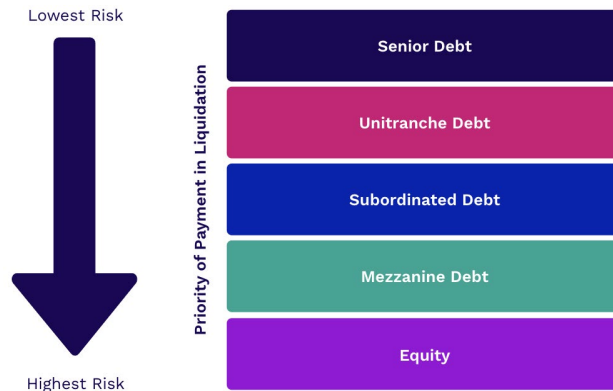
ALTERNATIVES EXPOSURE

Individual investors are typically underallocated to alternatives, which includes private markets, compared to institutional investors.

Alternatives Exposure



Private Credit Capital Structure



Senior Debt	Uni-tranche Debt	Subordinated Debt	Mezzanine Debt	Equity
First to be repaid and usually secured with assets.	Senior and subordinated debt in one instrument.	Junior debt, senior to Equity.	Hybrid of equity and debt finance.	Highest risk for shareholders in the event of bankruptcy.

Helicap's Private Credit Structure

We only do **Senior Secured Loans**

1. Seniority

- First ranked in unlikely event of default.
- Senior to junior debt and pref shares, avoid Credit Suisse scenario

2. Security

- Borrower pledges securities, at least 120% above loan amount.
- Charges over bank accounts, Debentures, Corporate Guarantees.

3. Additional Risk Mitigants

- **Covenants:** Strict conditions for the Borrower to comply with.
- **Early Repayment Option** on certain event

Sample COVENANTS

Covenant	Definition	Threshold	Key Risk Mitigation
Debt-to-Equity Ratio	Ratio of financial liabilities to equity balance	<[2 - 5]	Borrower Overleverage
PAR90 Ratio	Outstanding loans more than 90 days past	<[5% - 10%]	Credit Risk
Liquidity Ratio	Short-term assets to short-term financial liabilities	>100%	ALM Risk, Liquidity Risk
Borrower Concentration Ratio	Single largest exposures on their outstanding loan balance	<[15% - 30%]	Concentration Risk

Do you have Private Credit in your portfolio?

1. Diversified risk to public markets
2. 2022-2025 will be excellent vintages
3. Floating Rates after 15 years of low rates
4. Covenants, special rights

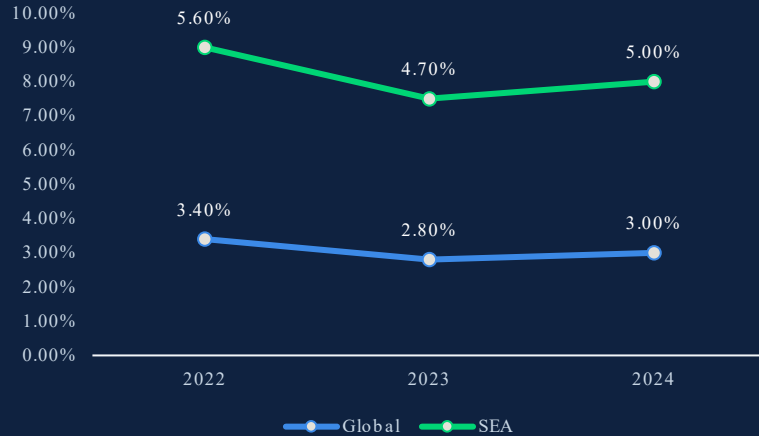
Southeast Asia

Financial Services

1. Higher GDP, lower Inflation
2. 200 million underbanked people
3. Resilient economy, export driven
4. With Singapore at the centre of Asia

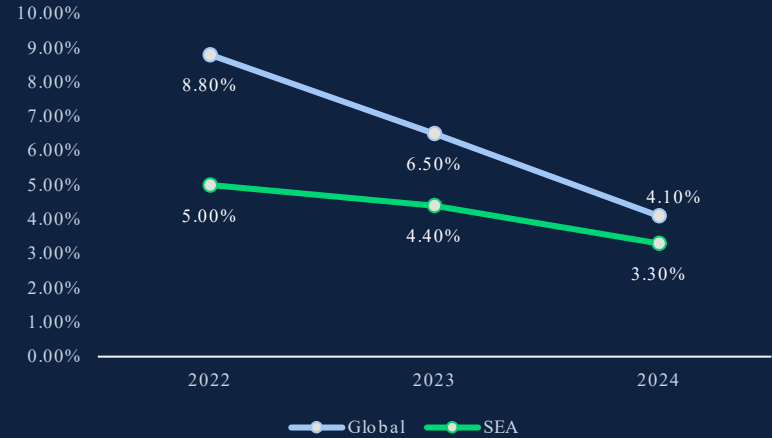
Real GDP Growth (SEA vs Global)

Higher
relative GDP



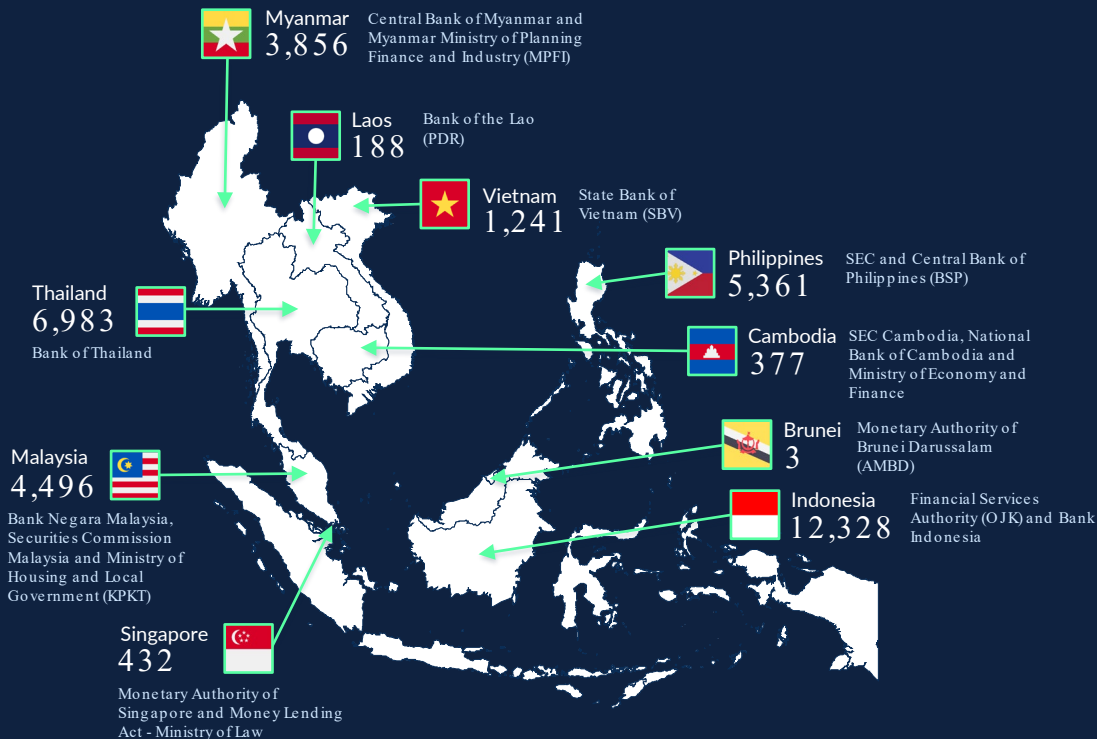
Inflation (SEA vs Global)

Lower
relative inflation






Our Business Potential in a Megatrend: 35k+ Non-Banking-Financial Institutions In SEA

Non-bank Financial Institution (NBFI) Map



3 catalysts behind the NBFI sector and FinTech lenders' growth

- 
 High barriers to entry for traditional banks
- 
 Stricter bank liquidity and capital requirements (Basel III)
- 
 Rise of a connected world and investment in telco infrastructure

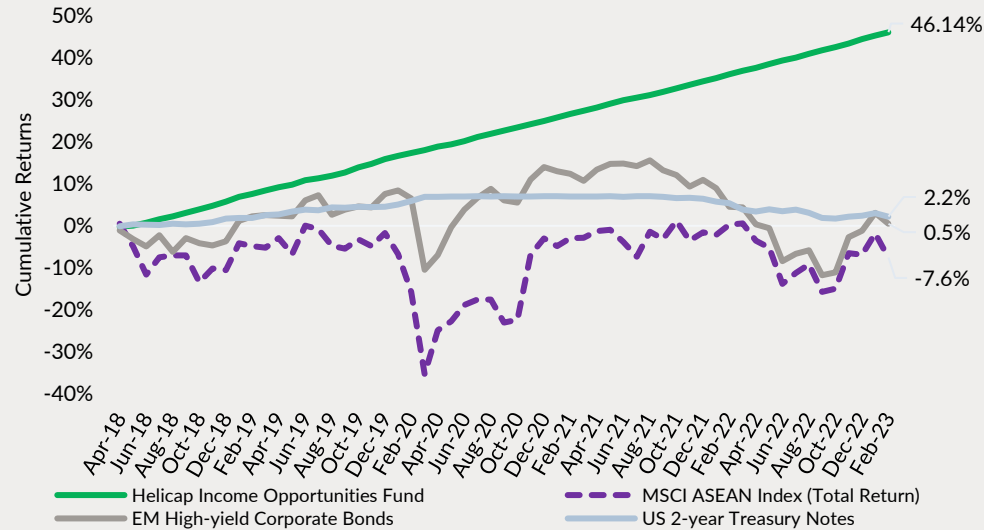
\$500 Billion

Total MSME Credit Gap in Southeast Asia excl. India (IFC)

Most of these active NBFIs are looking to improve underwriting, digitise their operations and scale faster

Our Portfolio Has Shown Resilience During Market Downturns

Covid and Geopolitical tensions have been driving market volatility across asset classes without impacting our portfolio



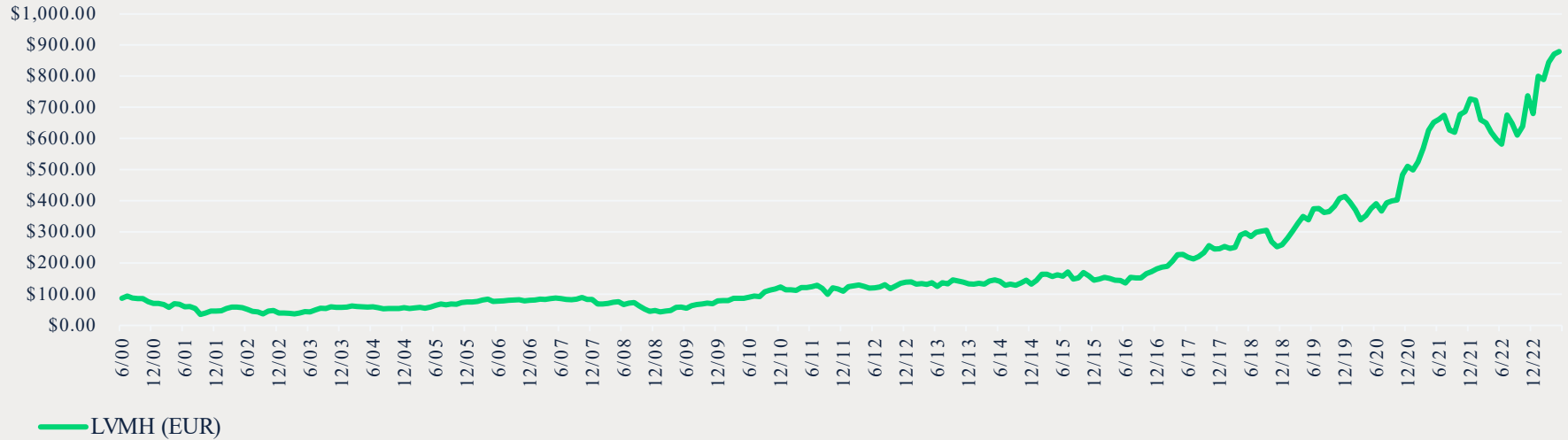
Calm Amid the Storm

H2 2018 (annualized)	2019	2020	2021	2022	Aggregate return since H2 2018
10.08%	10.11%	9.12%	9.45%	10.04%	46.14%

Notes: As of Feb-23. Fund Returns are computed including compounding effects within quarter. *Index which may not be fully relevant for comparison as based on equity and not on fixed income products. Historical performance is inclusive of the portfolio of Helicap Pte. Ltd. (Mar 2018 – Aug 2019) and Helicap Fund I (Sep 2019 – Dec 2022). All portfolios are based on the same investment mandate. Since Mar 2018, NAV calculations have been computed by Crowe Horwath First Trust Fund Services.

Fun Fact

Company X over 20 Years



In 1984, Bernard Arnault purchased the struggling Boussac group, which included the Paris-based fashion house Christian Dior, using \$15 million from his family and \$45 million from Lazard Frères. Within two years, Arnault had turned Boussac profitable by selling off unprofitable divisions and laying off 9,000 workers.

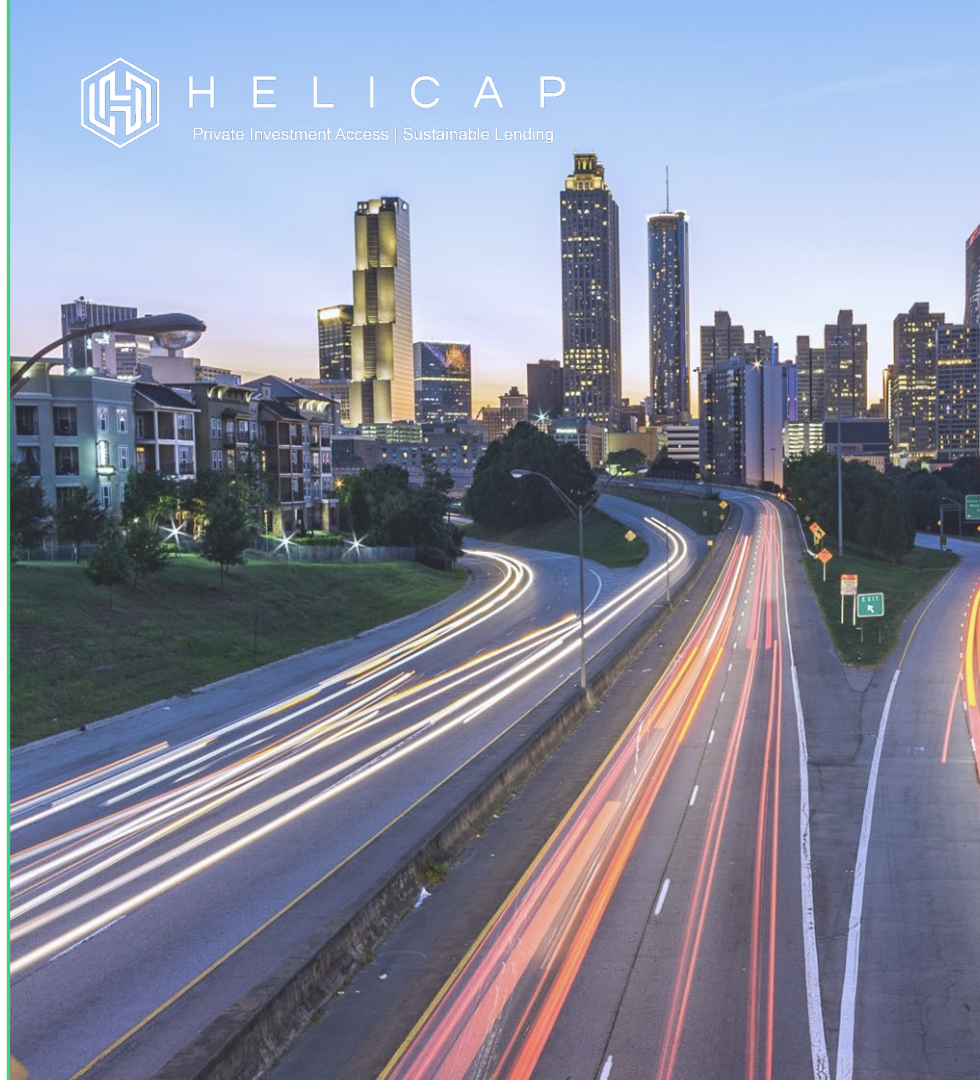
Thank You

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Asset Allocation to Private Credit

According to recent statistics from Preqin, the private markets have grown from US\$2.9 trillion in 2011 to US\$11.7 trillion in June 2022. Private capital has provided an Internal Rate of Return (IRR) of 15.1% over the past 10 years to June 2022, outperforming the MSCI World Index by 5.6%.

In a semiliquid private credit strategy, investors should consider three key attributes: multiple sources of yield and return, a well-structured liquidity bucket, and sustainable distribution yields. These strategies should be designed to provide resilient and consistent income, offering a broader range of investment opportunities beyond just corporate lending. A well-structured liquidity bucket can offer reliable liquidity with a focus on higher quality assets, while sustainable distribution yields are crucial for long-term gains and stability. In the current volatile and challenging macro environment, a dynamic, multi-sector approach to semiliquid private credit could play an important role in many investors' portfolios.

Private Class as an Asset

Private credit has seen significant growth in recent years, with assets under management (AUM) almost tripling from US\$342 billion in December 2011 to US\$1.4 trillion in June 2022. This trend is expected to continue, with projections indicating that private credit AUM will reach US\$2.3 trillion by 2027.

Additionally, the number of private credit funds has doubled from 104 in 2010 to 222 in 2022, with the amount of aggregate capital raised per year increasing from US\$44.6 billion in 2010 to almost US\$210 billion by the end of 2022.

This growth in private credit is indicative of its increasing popularity as a financing option, particularly for borrowers that are not well-served by traditional banking or public markets. Moreover, the growing number of private credit funds and amount of capital raised also suggests that investors are recognizing the benefits and potential returns of investing in private credit.

Asia's growth potential for private credit

The Asian private credit market has experienced a significant growth rate over the last two decades. In particular, it has grown almost 30 times from US\$3.2 billion in 2000 to over US\$90 billion as of June 2022. This growth suggests a growing demand for alternative financing options in the region, which can offer investors attractive returns and borrowers access to financing that may not be available through traditional banking channels.