

# cardano

## Perspective from a fiduciary

CFA Society Netherlands - private debt conference

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10th of April 2025

Amsterdam

# Perspective from a fiduciary

A case for private debt



## To start... Some investment beliefs..



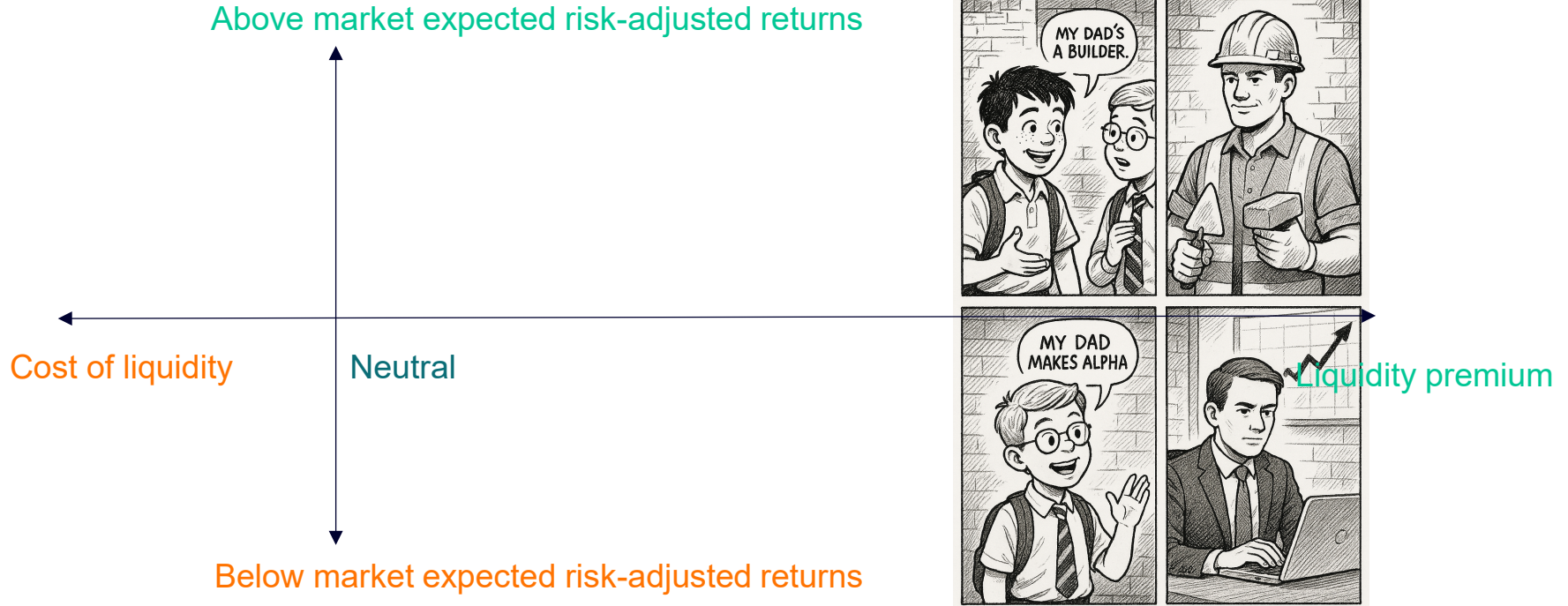
1. Compounding returns by harvesting risk premia
2. Diversified over risk drivers
3. No overreliance on statistics
4. Net returns are more important than fees
5. Process helps debiasing

# Build-up of return drivers

Equity	Term	Inflation	Credit	Alternatives
MSCI world	Govies with a steep curve	Commodities, ILB, ILS	Corporate bonds, CDS, CDX	Hedge funds, CTAs
Private Equity	Guarantees, WSW, ECA	Natural capital, infra	Private Debt	Special Sits, distressed

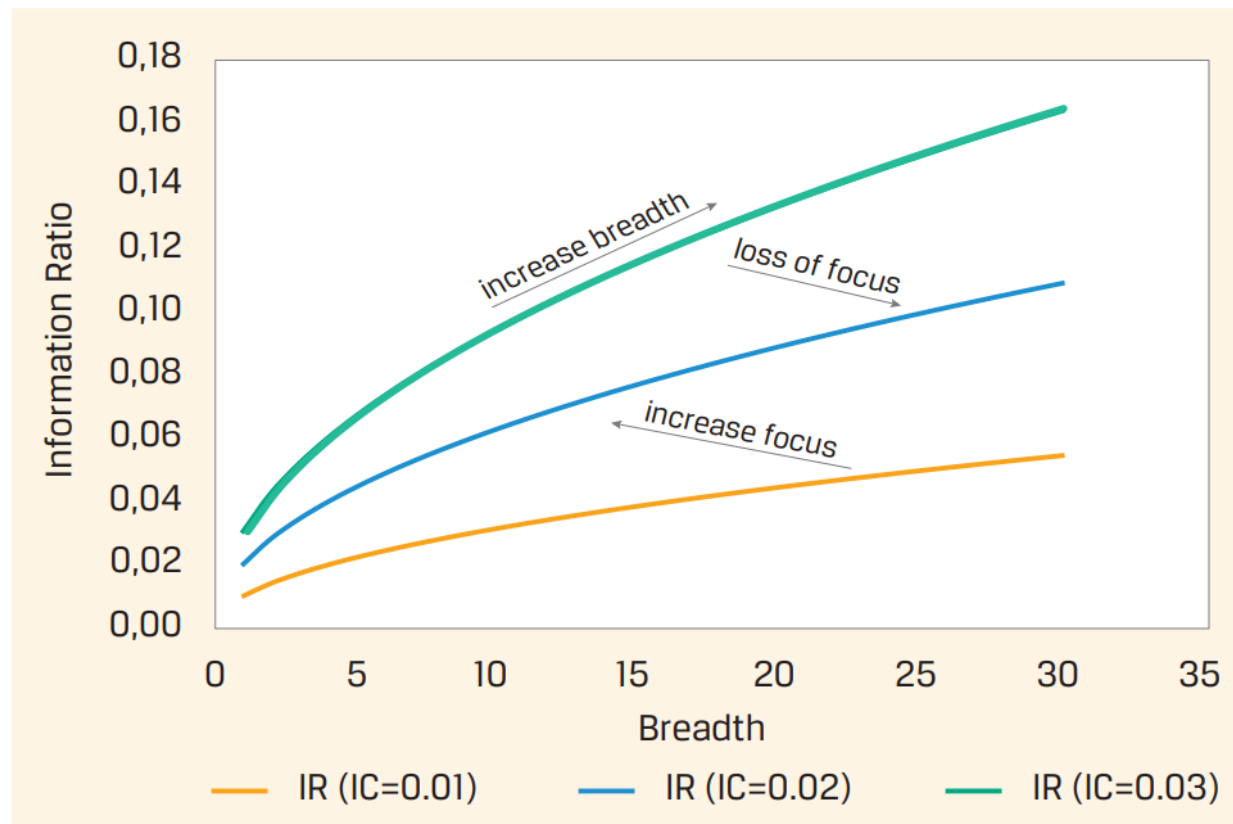
- Complexity?
- Alpha?
- Sustainability?

# How do alpha and private markets relate?



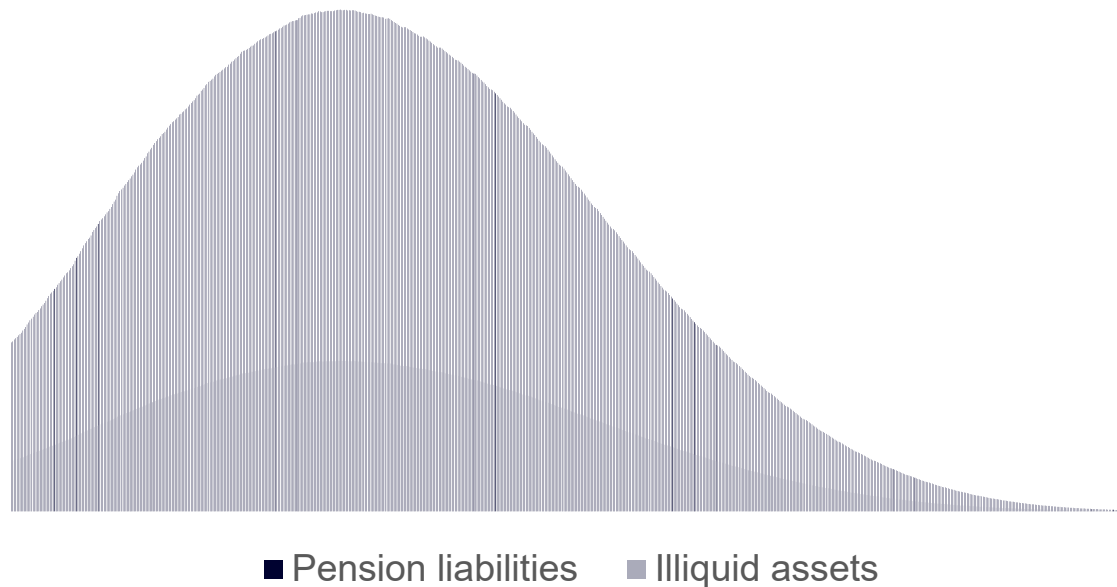
# Fundamental law of portfolio management

$$\frac{\alpha}{TE} = IC\sqrt{BR}$$



Grinold, R. C., 1989, The fundamental law of active management. J. Portf. Manag., 15 (3), pp. 3038

# Long dated liabilities vs. liquid assets paradox



Long dated liabilities ideal match for illiquid assets

Leverage creates an issue  
Costs is a factor

New pension regulation in NL removes barriers

# Investor feedback

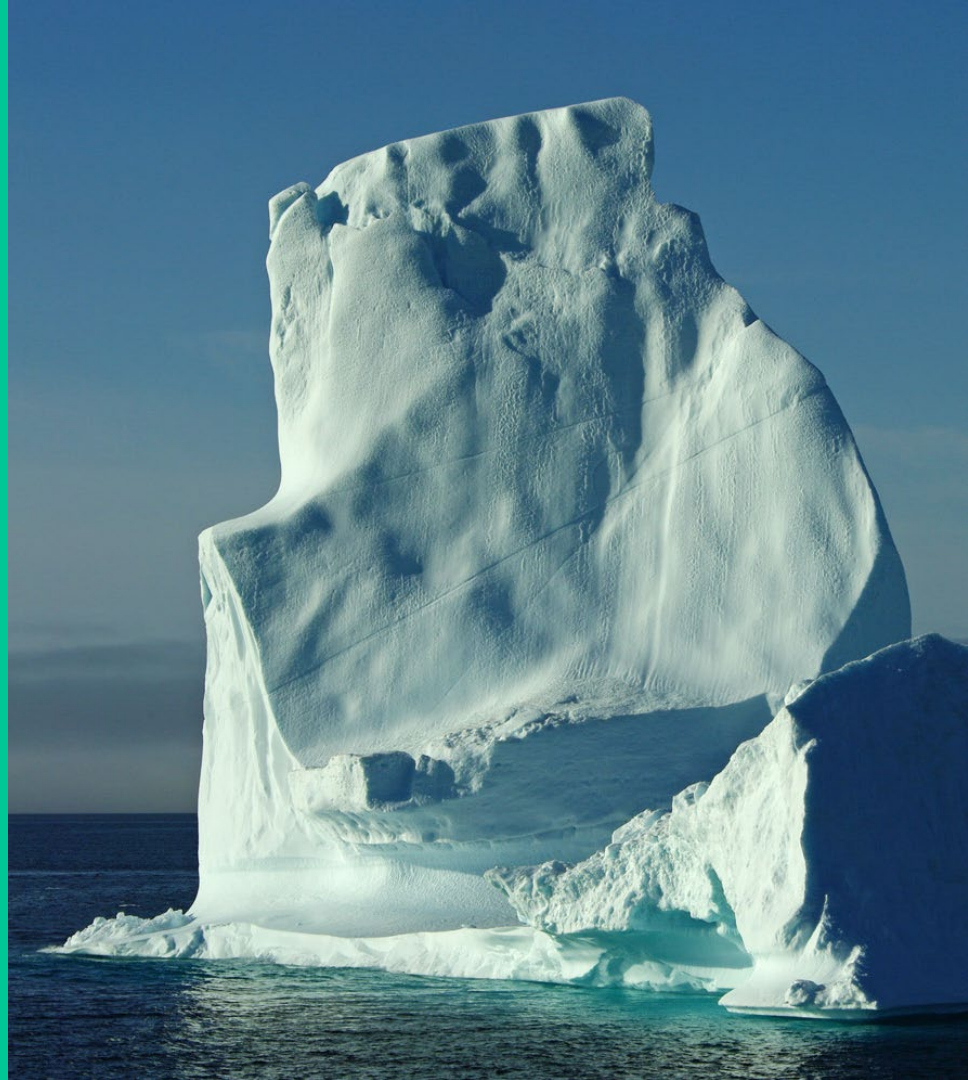
## What we have heard from institutional investors

Theme	<ul style="list-style-type: none"><li>• Investors expect to align to stakeholder objectives or themes</li><li>• <i>Climate, Healthcare, Food &amp; Circular Economy lead the way &gt; Biodiversity is emerging</i></li></ul>
Risk-Return	<ul style="list-style-type: none"><li>• We expect most investors demand to fall in the Cash + 6-12% range</li><li>• Pension funds are focused on credit. Wider market remains focused on PE &amp; Infra.</li></ul>
Cost	<ul style="list-style-type: none"><li>• Ideally delivering solutions &lt;120bps</li></ul>
Liquidity	<ul style="list-style-type: none"><li>• Increasing focus on &lt;10-year liquidity or semi-liquid product</li></ul>
Geography	<ul style="list-style-type: none"><li>• Limited appetite for developing markets. Focus should (also) be EU / Developed.</li></ul>



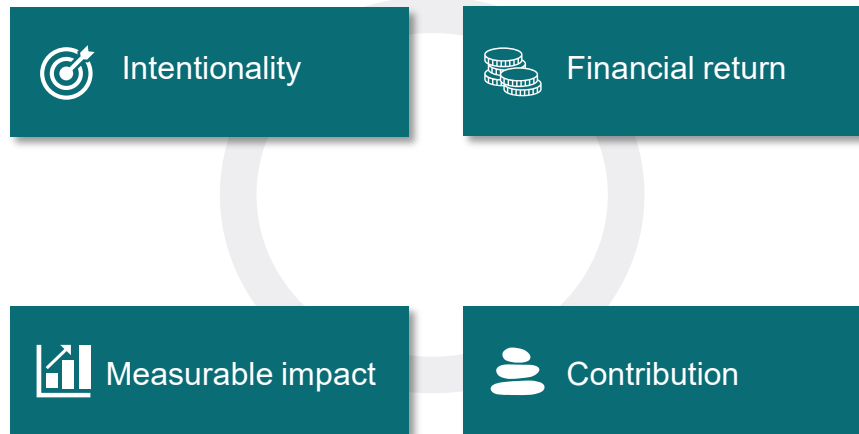
# Perspective from a fiduciary

A case for Impact Investing



# Private markets provides a tool-kit to drive impact

Four pillars of impact investing



More effective engagement

More control over reporting

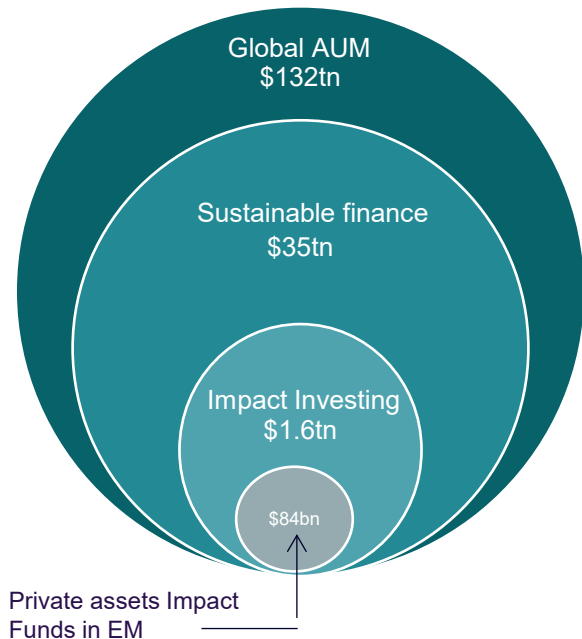
Additionality

Flywheel effect

Long term horizon

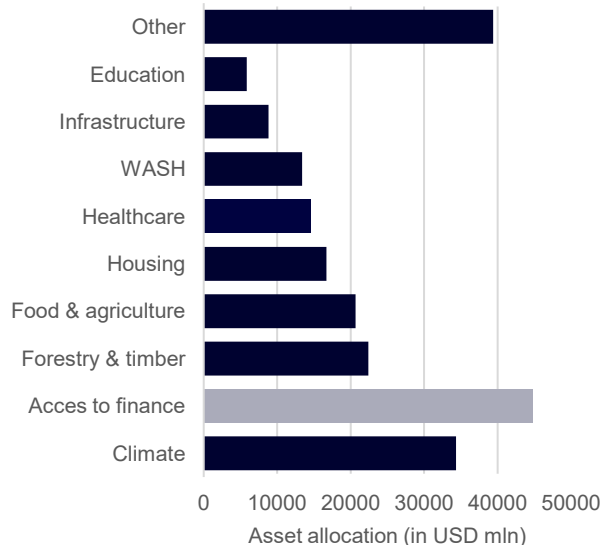
# An 'overview' of the impact investing sector

Small part of global AUM

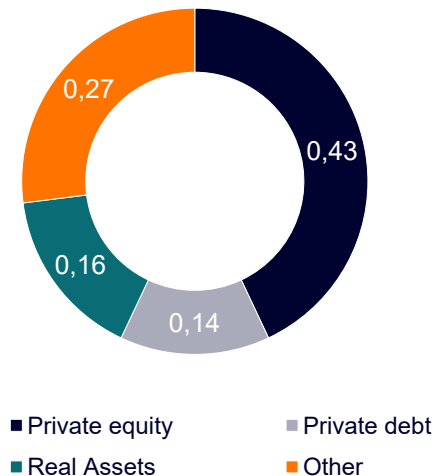


Source: GIIN Survey – Tameo survey

Access to Finance & Climate remain the largest impact sectors



73% AUM in impact investing through private assets



Source: GIIN 2024 State of the Market Report

# Bridging the funding gap with a scalable investment solution

... local financial institutions play a key role in reaching underserved client segments

Microfinance Investment  
Vehicle...



...provides private debt to  
local financial institutions in  
EM

Financial institutions...



...increase offering responsible &  
affordable financial products

MSMEs & Low-income  
households...



...receive capital to grow their  
business or access basic  
services





# End-clients: SMEs and Micro-entrepreneurs



## Premier Credit

Nairobi, small business owner of 2 bead shops



## ASA Kenya

Kikuyu, female lending group – micro businesses (cattle farmers, shop-owners, hairdressers, taxi drivers, traders, construction workers, crop producers, tailors)

# Diversifying asset class – high risk return



## Portfolio diversification by

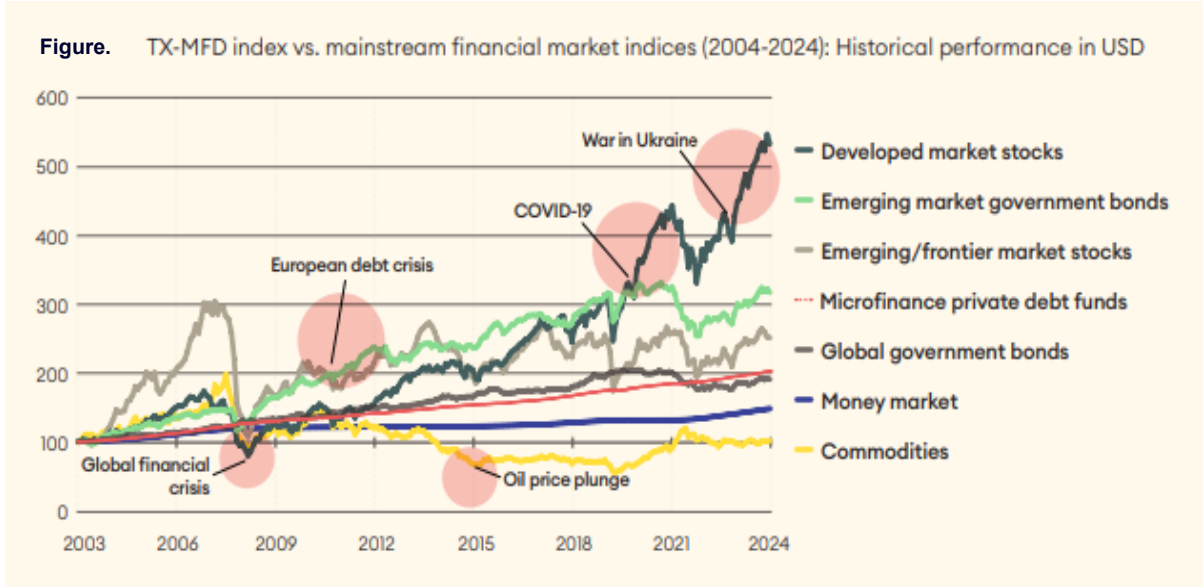
- High risk adjusted returns
- Low correlation with other asset classes
- Alpha in private debt emerging markets

All figures updated through the end of Q4-2024

**DISCLAIMER:** Past performance is not a guarantee of future results

# Diversifying through microfinance

Stable performance SMX-index since December 2003



Low correlation fixed income indices

Monthly data from Nov-2014	SME-index (EUR) correlation
3M EURIBOR EUR	0.24
Iboxx Euro Overall Total Return Index	0.20
J.P. Morgan GBI Global (EUR)	0.24
J.P. Morgan GBI – EMG Diversified (EUR)	-0.002





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# Thank you!

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