

PKF PCC Cell 2 - 20% Bond Fact Sheet

20% Limited Recourse Bond Due 2026



Overview of PKF

PKF PCC is a wholly owned subsidiary of PKF Capital Markets (Seychelles) Limited (“PKF”), a licensed Securities Dealer (SD001) and a licensed Seychelles Fund Administrator (FA007) with the Financial Services Authority of Seychelles and a member of MERJ Securities Exchange.

As a diversified financial services business, PKF provides a comprehensive range of financial products and services including corporate finance, sponsor advisory, private wealth management and securities broking services to institutions and private clients.

The Issuer

PKF PCC was incorporated on 10 August 2017. The Company is an International Business Company (“IBC”) and a Protected Cell Company (“PCC”) registered in terms of the IBC Act of the Seychelles.

The nature of business and principal activities of the Company is issuing of Bonds and similar securities and investing the proceeds in a portfolio of financial instruments and structured products in accordance with its investment policy.

The Bond

PKF PCC Cell 2 - 20% Bond is a debt instrument that offers investors a fixed return over a 5-year term. The underlying investment provides a yield by issuing unsecured debt to individuals in Spain.

These loans are issued at EUR 1,000 for 12 months or EUR 2,000 for 24 months, with repayment and interest collected monthly. Due to the nature of this product, being unsecured loans, it is considered high risk. This risk is however mitigated by a strict application process, which involves a high level of due diligence, and additionally, the risk is spread over a broad client base where a fall off rate of 20% can be absorbed. We therefore feel that the risk to return ratio is justified.

Key Parties

| | |
|--------------------------|--|
| Investment Manager: | PKF Capital Markets (Seychelles) Limited |
| Issuer: | PKF PCC |
| Listing: | MERJ Exchange |
| Clearing and settlement: | MERJ Clear |
| Global Distributor: | PKF Capital Markets (Seychelles) Limited |
| Issuer Legal Counsel: | Chetty and Chetty Chambers |

Bond Information on 31st December 2022

| | |
|---------------------------|--|
| Bond Name: | PKF PCC Cell 2 - 20% Bond |
| Currency: | EUR€ |
| Market Value: | € 2,233,200 |
| Face Value: | € 100 / Bond |
| Holding Company: | PKF Capital Markets (Seychelles) Limited |
| Term: | 60 Months |
| Withdrawals: | 12 months from issue with 30 days notice |
| Inception: | 01 April 2021 |
| Maturity Date: | 31 March 2026 |
| Coupon: | 20% Per Annum |
| Coupon Payment: | Quarterly |
| Coupon Payment Date: | On or before the 14th day after the quarter |
| Minimum Investment: | € 100 |
| Target Raise: | € 100,000,000 |
| Initial Charge: | 0% |
| Investor Criteria: | Primary issuances exclusively for clients of PKF |
| Regulation and Liquidity: | Listed on MERJ Exchange |
| Symbol: | PKFPCC2 |
| ISIN Number: | SC1725IFEJ93 |
| Dealing: | 10am-6am |
| Investor Protection: | Each class of Bond is issued from a PCC cell and the Bondholders have recourse to the assets of that cell only |

Performance

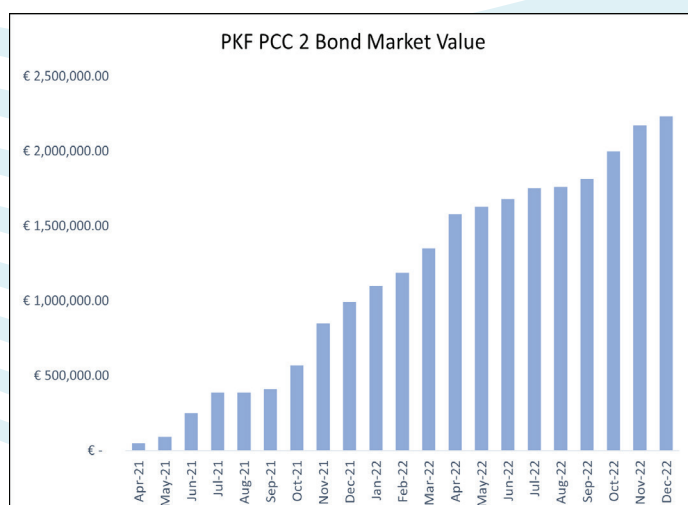
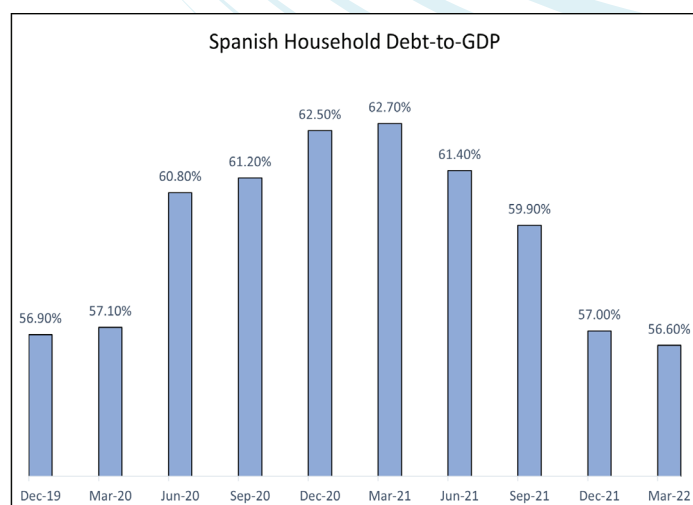
| Year | Q1 | Q2 | Q3 | Q4 |
|------|-------|-------|-------|-------|
| 2021 | - | 4.99% | 5.04% | 5.04% |
| 2022 | 4.93% | 4.99% | 5.04% | 5.04% |

Bond Commentary on 31st December 2022

In 2022, global equities and bonds experienced a major decline, with the S&P 500 index having lost 18.11% and bonds down 17%. This was a significant change from the previous year, which had seen a general increase in asset prices across different classes. 2022 was characterized by high inflation, ongoing conflict in Ukraine, an energy crisis in Europe, a potential recession in 2023, and a strained relationship between China and the West. Additionally, the monetary stimulus that had been a key factor in markets has reversed, resulting in an increase in the cost of money and changes in market trends. Interest rates have risen significantly, and equity risk premiums have also increased. The market is currently uncertain, with the recent decline in asset prices still ongoing.

Despite 2022 being a year of market correction, the Bond remained robust against several strong headwinds and continued to achieve its mandate. The Spanish economy has been remarkably resilient against the ripple effect of the global economic correction. However, the Spanish economy is expected to slow somewhat in the near future in line with global trends, and December inflation readings were mixed between economic sectors. A look at the recent employment data provides some relief, though, as it continues to display a healthy trend of job creation with December 2022 seeing the lowest number of job seekers register as jobless for the month of December since 2007.

The above indicates that the Spanish economy may be experiencing a period of change, this is understandable considering the global economy. However, the Bond is well placed to withstand such a period due to the niche it operates in, and the recent employment readings provide further conviction.



PKF PCC is a wholly owned subsidiary of PKF Capital Markets (Seychelles) Limited, a member firm of the PKF International Limited family of legally independent firms and PKF International Limited does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

right people
right size
right solutions