

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 and SECDEX 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 2023

Bond Name:	PKF PCC Cell 2 - 20% Bond
Currency:	EUR€
Market Value:	€ 3,507,800
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 14 th 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:	SCI725IFEJ93
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%
2023	4.93%	4.99%	5.04%	5.04%

Bond Commentary on 31st December 2023

As we reflect on the conclusion of 2023, the influence of interest rates and central bank expectations persisted as key factors in shaping global markets. The impact of past monetary tightening, particularly in Europe, is yet to be fully realized, while fiscal policy is expected to become more restrictive.¹

European stocks, despite a relatively poor economic performance, have outperformed expectations. The iShares MSCI Eurozone ETF (EZU) returned 22.93% in 2023.² Spain, within the eurozone, continues to stand out, with its economy and stock market showing resilience, bolstered by robust growth in services. The iShares MSCI Spain ETF (EWP) returned 29.8% in 2023.³

In the later part of Q3, Spanish Consumer Confidence exceeded expectations, registering a level of 94.4, surpassing the forecast of 86.6. Q4 Consumer Confidence also exceeded the forecast of 72 reporting a level of 76.7 in November 2023.⁴ Concurrently, core inflation levels in Spain followed a downward trajectory, declining from 5.4% in September to 5.1% in October and further to 4.5% in November.⁵

Noteworthy is the decline in Spanish household debt-to-GDP over the past year, signifying the public's robust ability to service debts and reducing the risk of default.⁶

The Bond has demonstrated steadfast performance throughout Q4, aligning with expectations. Spain's persistent economic growth and GDP earnings have bolstered our confidence in the Bond's continued adherence to its intended mandate. Amidst dynamic economic landscapes, the Bond's resilience in European markets, particularly Spain, underscores its adaptability to prevailing conditions.

1 <https://www.imf.org/en/Blogs/Articles/2023/07/24/european-central-bank-should-tighten-monetary-policy-further>

2 <https://www.ishares.com/us/products/239644/ishares-msci-emu-etf>

3 <https://www.ishares.com/us/products/239683/ishares-msci-spain-capped-etf>

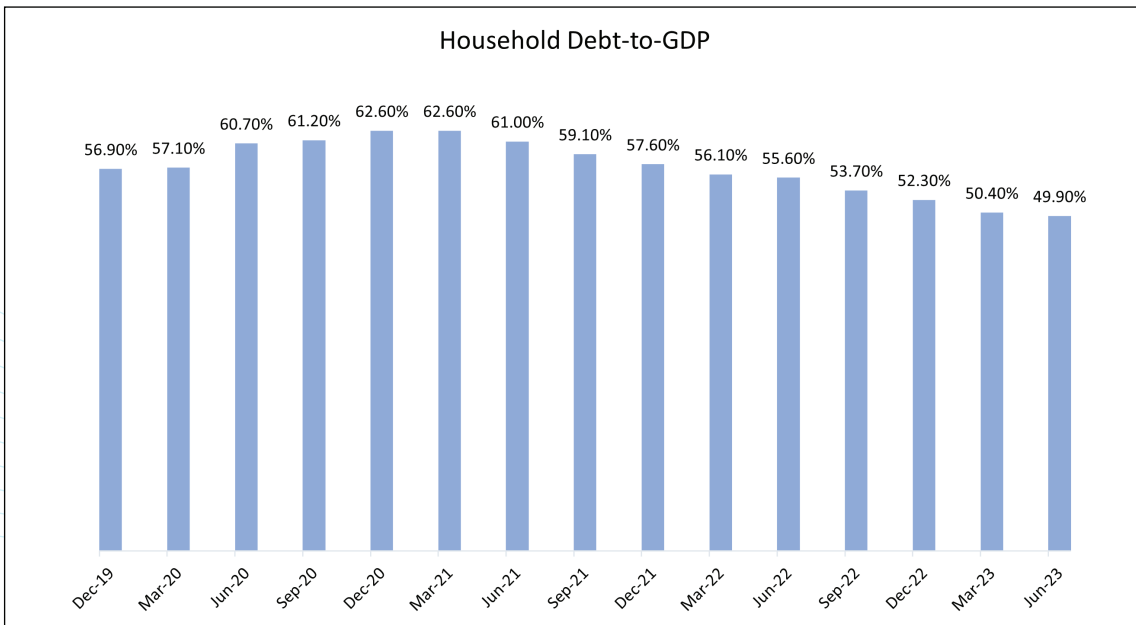
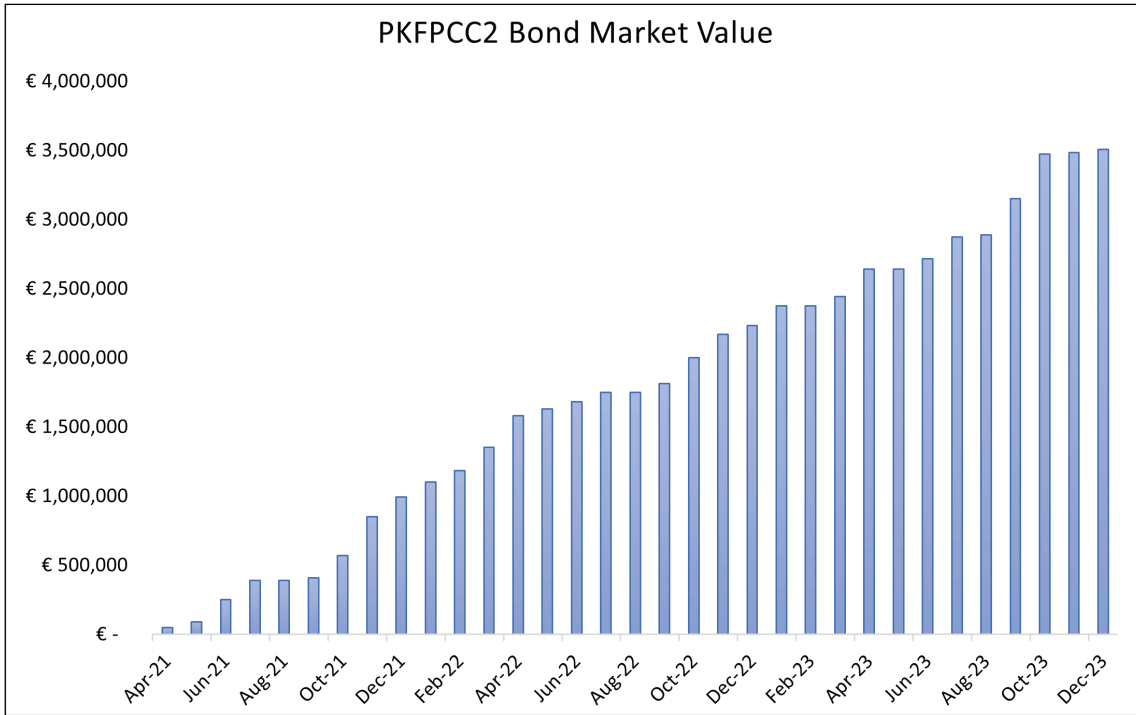
4 <https://tradingeconomics.com/spain/consumer-confidence>

5 https://ycharts.com/indicators/spain_core_inflation_rate#:~:text=Spain%20Core%20Inflation%20Rate%20is,long%20term%20average%20of%202.06%25.

6 <https://tradingeconomics.com/spain/households-debt-to-gdp>

PKF PCC Cell 2 - 20% Bond Fact Sheet

20% Limited Recourse Bond Due 2026



Source: <https://tradingeconomics.com/spain/households-debt-to-gdp>

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.



Growth beyond boundaries