

# INVESTMENT COMMITTEE SUBMISSION

CORPORATE  
FINANCE **B**ONDS

**ARC**  
RATINGS *world*  
*partners*

**A**



This submission has been prepared by Corporate Finance Bonds for discretionary investment managers and financial planners. It concerns the GBP 500m Secured Note Programme in general, and in particular two new Series listed, each for GBP 25m which have been rated by international credit ratings agency ARC Ratings S.A. (ARC) as **A (sf) (ind)**.

## About the Bond Programme

The secured bonds offered by Corporate Finance Bonds are wholesale bonds, which are issued under **Section 21 approval** from FCA regulated discretionary management firm (Clear Capital Management LLP - FCA number 598743).

The offer is part of a global programme which has been approved by the Irish Stock Exchange for up to GBP 500m of issuance over the course of the Programme's life.

Each listing is made available via individual ISIN and the segregated securities are listed on the Global Exchange Market of the Irish Stock Exchange, an **HMRC recognised exchange**.

Securities are settled into **Crest** with SVS Securities Plc and also made available through **Euroclear** and **Clearstream** via Dolfin Financial (UK) Ltd. Each individual listing is supported by electronic pricing,

currently updated twice weekly via **Bloomberg** and **Financial Express**.

We are sensitive to the needs of our clients and have in place the systems and controls to deliver pricing services as required.

A **secondary market** is provided by a network of international stockbrokers on a matched bargain basis through an appointed market maker.

## New Series Launched: Series 9 & 10

Two new Series have been issued under the Programme. The first (Series 9), a GBP 25m five-year bond offering a coupon of 6.25%; the second (Series 10), a Zero coupon bond designed for the platform market, offered at a discount and with an equivalent annual yield of 6.25%. Corporate Finance Bonds submitted both Series to ARC, an international credit ratings agency, which has rated the bonds as [A \(sf\) \(ind\)](#).

Founded in 1988 and converted into ARC in 2013 as a joint venture between five ratings agencies from four different continents, the combined group provides the financial platform and infrastructure to compete with the “big 3” global agencies. ARC has over 600 ratings staff, serving 10,000 national and corporate clients from 20 offices, and enjoys a fee turnover of more than USD 50m. ARC is registered with the European Securities and Markets Authority (ESMA) as a Credit Ratings Agency.

## Structure of Each Security

Each bond operates against a fixed mandate contained within the [Base Prospectus](#). This is then supported by an individual security mandate which is produced at the time of listing of each security tranche or series ([Pricing Supplements](#)), all of which are available from our website or direct from the Irish Stock Exchange.

The company has a very strict criteria for managing securities within the listing vehicle. These include:

Limits to the maximum exposure that the vehicle can have to any one underlying security, with a ceiling at just 20% of the issuance size, creating a diverse range of assets as a pool for each listing vehicle, rather than a single asset failure point such as a traditional corporate bond.

All assets with the listing vehicle have to be secured via a land registry charge or a corporate debenture, with a fixed or floating charge over the assets of the company. Each vehicle has an independent security trustee, whose role is to confirm these security charges and hold the securities on behalf of the note holders.

No unsecured assets are allowed to take part in any listed security vehicle issued by Corporate Finance Bonds. The asset pool is assessed by the directors of the firm who are afforded support and guidance in this regard by the Investment Advisory Committee. The company makes no pre commitments to any project prior to final fund raising being completed and so the asset pool for each product cannot be defined until after all securities in issue have been fully subscribed and paid up.

The company makes every effort to share post investment decisions with its bond holders through [Investment Updates](#), which detail the types of loan made by business sector.

## Investment Advisory Committee

Martin Vaughan  
[Senior Partner, Clear Capital](#)

Nikki Hinton-Jones  
[Former UBS Equities](#)

Bartholomew Harte  
[Former Goldman Sachs lawyer](#)

Nicholas Penn  
[Former PwC Audit & Finance](#)

Jesse Johal  
[Former J.P.Morgan Asset Management](#)

## Securities currently in issuance

Series Name: 3  
ISIN: GB00BYZZYP05  
Financial Express Citi Code: NP1Q  
Bloomberg BB No: QZ2468697

Series Name: 4  
ISIN: GB00BD5M5K62  
Financial Express Citi Code: NP1R  
Bloomberg BB No: QZ7429389

Series Name: 5  
ISIN: GB00BD5NDM75  
Financial Express Citi Code: NP1S  
Bloomberg BB No: QZ7441525

Series Name: 6  
ISIN: GB00BD5NDF09  
Financial Express Citi Code: NP1T  
Bloomberg BB No: QZ7441525

Series Name: 7  
ISIN: GB00BDRKQW32  
Financial Express Citi Code: NQ7P  
Bloomberg BB No: AM1500876

Series Name: 8  
ISIN: GB00BD3H4G23  
Financial Express Citi Code: NQ7Q  
Bloomberg BB No: AM1500926

Series Name: 9  
ISIN: GB00BYQJ1839  
Financial Express Citi Code: NWJY  
Bloomberg BB No: AN4228739

Series Name: 10  
ISIN: GB00BYQJ1946  
Financial Express Citi Code: NWJZ  
Bloomberg BB No: AN4228655



## Ratings

ARC has accorded a public, indicative A(sf)(ind) with Stable Outlook to the Series 9 & 10 Bonds to be issued in the amount of GBP 25m each from Corporate Finance Bonds with a tenor of 5 years. The rating accorded refers to ultimate repayment of principal and interest.

### Rating Highlights

Key rating drivers include:

- The ability of assets to generate revenues consistent with the cashflows considered in the projections and risks associated with the interest repayment and returns.
- A sensitivity analysis has been given applying a 20% and 25% haircut on interest rates for a worst-case scenario.
- A debt service coverage ratio of 1.48 over five years.

## Commercial Demand

Corporate Finance Bonds has been actively gaining support for the Bond Series from the UK and overseas professional market for over two years. Notes to the value of GBP 27.5m have been issued since July 2016.

Two further Series of GBP 25m each have been launched to service relationships held in Europe, Middle East and Asia, most notably European banks, stockbrokers and investment platforms.

Commercial agreements are in place for percentage allocations to the fixed income securities as part of model portfolio allocations, for over GBP 50m of product from a major international IFA group. The group is actively consolidating advisory firms across the globe. Further Series will be issued to service this channel in Q3 2017.

The further launch of a new Series under the Programme from these sources for 2017 will bring the total issuance to approximately GBP 125m.

Clear Capital Management, a Discretionary Investment Manager, is now commencing allocating assets to the Bond Series following approval of uniquely designed Series for UK platforms. This initiative means that the Corporate Finance Bonds Programme is the only fixed interest investment of this type that can be accessed via a model portfolio on a platform in the UK - a major market edge.

Clear gains detailed insight to the Programme from its privileged position as a member of the Investment Advisory Committee that underwrites corporate loan applications as well as providing commentary, feedback and regulatory services in respect of the UK market.

We have made this submission to provide a greater insight to our company and investment ethos. We are seeking to secure a long term partnership with a select number of professional investment firms seeking access to this innovative Bond Series as a core investment for their clients.

**Stuart Anderson**

Director  
Corporate Finance Bonds Limited

## Advisory Support

Newgate Compliance Limited  
Compliance

[www.newgatecompliance.com](http://www.newgatecompliance.com)

Arc Ratings S.A.

Credit Ratings

[www.arcratings.com/m/uk](http://www.arcratings.com/m/uk)

Gregory Rowcliffe Milners  
Legal

[www.grm.co.uk](http://www.grm.co.uk)

Nelsons Solicitors Limited  
Legal

[www.nelsonslaw.co.uk](http://www.nelsonslaw.co.uk)

Fairoak Trustees

Security Trustees

[www.fairoaktrustees.com](http://www.fairoaktrustees.com)

Equiniti David Venus

Crest Registrar

[www.equiniti.com](http://www.equiniti.com)

Winterflood Securities Ltd  
Market Maker

[www.winterflood.com](http://www.winterflood.com)

## Current Product Partners

Reyker Securities

[www.reyker.com](http://www.reyker.com)

Banque de Luxembourg

[www.banquedeluxembourg.com](http://www.banquedeluxembourg.com)

Saxo Bank

[www.home.saxo](http://www.home.saxo)

Ascentric

[www.ascentric.co.uk](http://www.ascentric.co.uk)

Transact

[www.transact-online.co.uk](http://www.transact-online.co.uk)

Platform One

[www.platform1online.com](http://www.platform1online.com)

Moventum

[www.moventum.lu](http://www.moventum.lu)

SVS Securities

[www.svssecurities.com](http://www.svssecurities.com)

Market Securities

[www.market-securities.com](http://www.market-securities.com)

Cornhill Capital

[www.cornhillcapital.com](http://www.cornhillcapital.com)

Valbury Capital

[www.valburycapital.com](http://www.valburycapital.com)

Horizon Stockbroking

[www.horizonstockbroking.com](http://www.horizonstockbroking.com)

Clear Capital Management

[www.clearcm.co.uk](http://www.clearcm.co.uk)

Dolphin Financial (UK) Ltd

[www.dolphin.com](http://www.dolphin.com)

Liberty SIPP

[www.libertypensions.com](http://www.libertypensions.com)

London and Colonial

[www.londoncolonial.com](http://www.londoncolonial.com)

Hartley SSAS

[www.hartleysas.co.uk](http://www.hartleysas.co.uk)

Intelligent Money

[www.intelligentmoney.com](http://www.intelligentmoney.com)

The Lifetime SIPP Company

[www.thelifetimesipp.com](http://www.thelifetimesipp.com)

Ipsum Invest Ltd

[ipsuminvest.uk](http://ipsuminvest.uk)

Met Facilities

[metfacilities.com](http://metfacilities.com)

Jarvis Securities plc

[www.jarvissecurities.co.uk](http://www.jarvissecurities.co.uk)

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