

Emerging Markets Bond Fund

Information as at: 31 December 2024

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$57,082,985
A USD class, USD	\$57,082,985
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
Performance Benchmark	J.P. Morgan EMBI Global Total Return Index
ISIN	CYF000000200
Fund Domicile	Cyprus
Fund Type	AIF-LNP
Bloomberg Ticker	MERFXPT CY
Base currency	USD
Management fee	0.75%
Performance fee	15%
Hurdle rate	3%
Liquidity	Monthly

MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B
Modified Duration	2.15 years
Yield to Worst	9.55%
Fixed Income	38.74%
Equity	58.30%
Cash	5.09%
Repo Instruments	-9.23%
Reverse Repo Instruments	1.96%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	27.62
Government	39.65
Consumer, Cyclical	14.38
Financial	3.84
Communications	9.54
Basic Materials	2.03
Consumer, Non-cyclical	1.95
Industrial	0.41
Funds	0.43
Technology	2.34

Country	% of Total
United States	65.98
United Kingdom	8.28
Germany	5.48
Nigeria	4.98
Egypt	2.96
Russian Federation	2.96
Ghana	1.94
Côte d'Ivoire	1.77
Italy	1.18
Angola	1.06
Other	5.61

Currency Break-Down	% of Total
USD	74.40
EUR	11.76
GBP	12.37
RUB	1.47

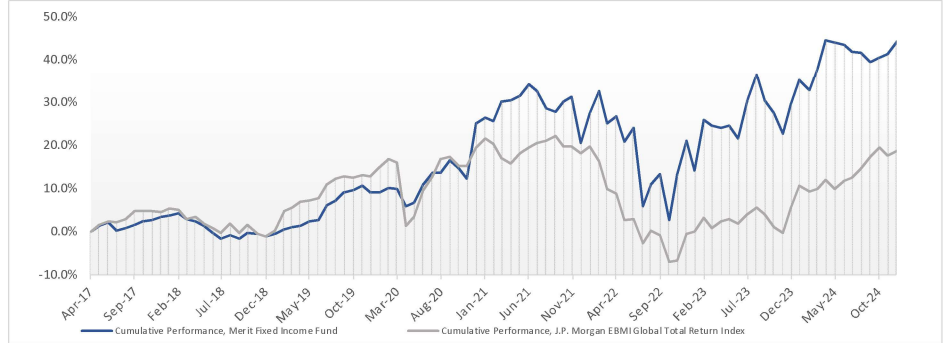
MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

INVESTMENT OBJECTIVE

Merit Fund AIFLNP V.C.I.C Limited aims to achieve attractive returns through a combination of capital growth and income preservation. At any one time, 90% of net assets of the fund are invested plus any leveraged amount utilized within the scope of investment purposes in sovereign or corporate debt securities of predominantly emerging market countries.

PERFORMANCE GRAPH*



*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented. Share Class performance displayed in USD, Benchmark performance displayed in USD

PERFORMANCE*

	MTD	YTD	SI
MeritKapital Fixed Income Fund - A Shares USD	-0.50%	8.15%	43.59%
J.P. Morgan EMBI Global Total Return Index	-1.50%	6.99%	16.84%

Share Class performance of -0.50% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for December 2024 is -0.49%

*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented.

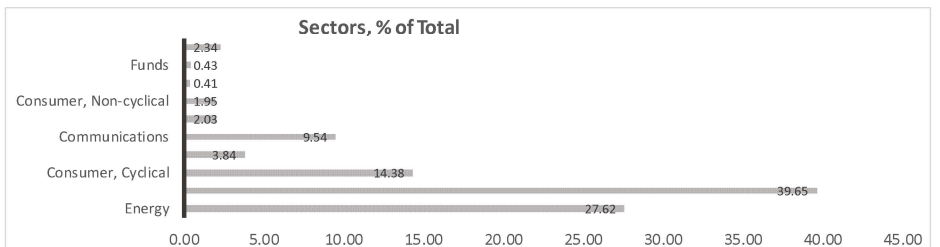
FUND COMMENTS

The fund shed 0.5% in December, bringing returns for the year 2024 to 8.15%. The Fed's hawkish rhetoric at the December FOMC weighed on performance revising the dot plots to only 2 cuts for 2025 from the 4 cuts of the September meeting.

The fund's equity holdings had a mixed showing mirroring the similarly lackluster performance of global stocks where the S&P traded 2.50% lower. The reversal in stocks came post the revised expectations of the Fed's pace of easing and the resultant move higher in rates. On the positive front, holdings such as Tesla (TSLA US, +17.00%) and Alphabet (GOOGL US, +12.15%) traded higher while holding such as Lyft (LYFT US, -25.69%) and Starbucks (SBUX US, -10.94%) underperformed. European equities also saw similar contrast with International Consolidated Airlines (IAGL N, +14.26%) which extended its firm run versus Lufthansa's (LHA GY, -4.12%) performance.

Fixed income was similarly mixed; US10Y yield rose 40bps to 4.57% which coupled with a strengthening dollar weighed on the asset class. EGYPT held up however, with bonds up about 2.7% with the market adding duration with expectations of easing Middle East tensions. GHANA traded 1% lower amid elections which ultimately led to a parliamentary and presidential sweep for the then-opposition.

Looking ahead, the key data to follow in January would be US labour market and inflation statistics for an indication on the path of US FED policy expectations. The initial period following Trump's inauguration will be indicative on tariffs and economic policy and hence on the corresponding impact on inflation. We believe that President elect Trump's inclination to implement wide tariffs is limited due to the corresponding juggle between inflationary pressures and the Central bank's interest rate regime. We thus remain constructive on US and EU rates at these levels. We are also long on EM markets for 2025 due to the contrastingly overpriced valuations and tight spreads in the US and maintain a buy in SSA and the wider EM sphere. We will be closely watching market and economic development to dynamically manage portfolio allocations.

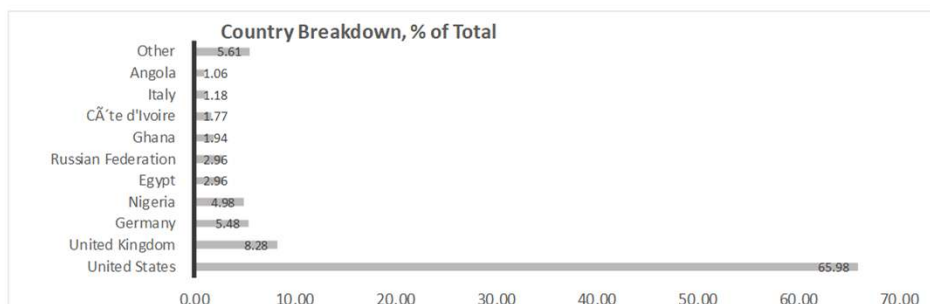


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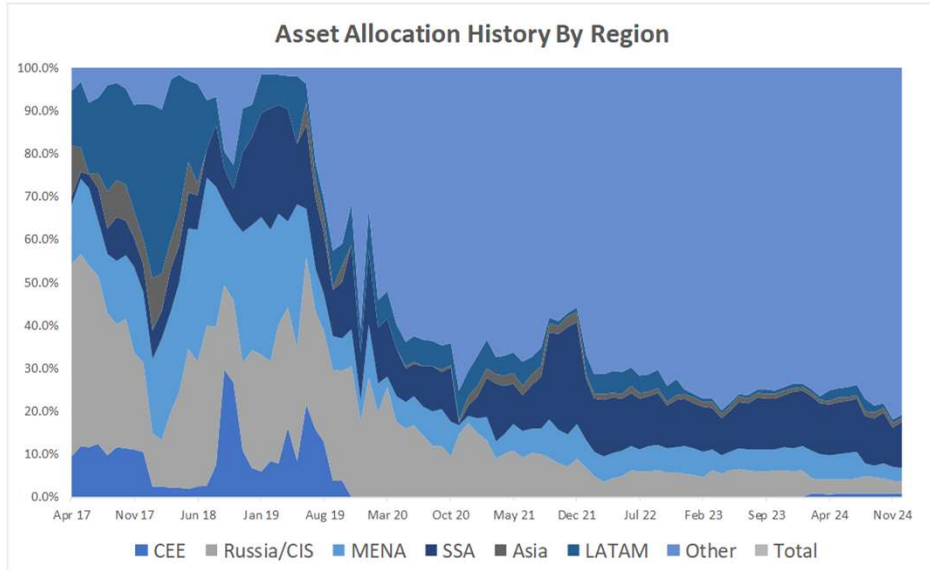
Top 10 Holdings

	% of Total
B 02/20/25	17.41
OXY US	8.26
SHELL NA	6.37
BP/ LN	5.78
AMZN US	4.18
IAG LN	4.05
CHRD US	3.85
B 01/07/25	3.50
B 04/01/25	2.63
BPLN 6 1/8 PERP	2.61



Duration Breakdown

	% of Total
Cash	5.09
Repo Instruments	-9.23
Reverse Repo Instruments	1.96
Equity	53.36
0 - 1 years	26.03
1 - 3 years	7.60
3 - 5 years	4.80
5 - 7 years	4.65
7 - 10 years	5.74
10+ years	0.00



Rating Breakdown

	% of Total
Cash	5.09
Repo Instruments	-9.23
Reverse Repo Instruments	1.96
AAA	0.09
AA	5.88
A	15.80
BBB	15.38
BB	17.31
B	7.06
CCC	6.32
CC	0.00
C	0.00
D	0.00
NR	34.35

	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24
CEE	0.0%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.9%	1.0%	0.9%	0.8%	0.7%
Russia/CIS	6.2%	3.6%	3.3%	3.4%	3.4%	3.5%	3.5%	3.9%	3.7%	3.4%	3.1%	3.0%
MENA	5.6%	6.4%	5.9%	5.8%	6.0%	6.1%	6.3%	3.2%	2.6%	3.5%	3.2%	2.9%
SSA	12.9%	12.6%	12.0%	11.8%	12.1%	12.1%	12.3%	11.1%	11.2%	11.9%	9.2%	10.8%
Asia	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%	0.9%	1.0%	1.3%	1.2%	1.0%	0.9%
LATAM	0.3%	0.9%	0.8%	2.4%	2.4%	2.4%	2.5%	2.8%	1.5%	1.0%	0.9%	0.8%
Other	73.4%	74.8%	76.4%	75.1%	74.5%	74.3%	73.8%	77.2%	78.7%	78.1%	81.9%	80.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

DISCLAIMER

Merit Fund AIFLNP V.C.I.C Limited (the "Fund"), is reserved for professional and well-informed investors as defined by the Alternative Investment Funds Law n.131(I) of 2014 (the "Law") who, on the basis of the Offering Memorandum (the "Offering Memorandum") and the subscription agreement, should make their own assessment of the conditions of their participation in the Fund. It is the responsibility of participating investors, to determine whether the fund described in the Offering Memorandum is suitable to their expectations of performance and risk. The Fund operates as an Alternative Investment Fund with Limited Number of Persons according to the Law, regulated by the Cyprus Securities and Exchange Commission, license # LPAIF05/2014, in the legal form of a variable capital investment company. Prospective investors are not to construe the contents of the Offering Memorandum or any communication relating to this offering as investment, legal or tax advice. Each investor should, however, consult his own legal counsel, accountant and other professional adviser as to legal, tax and related matters concerning an investment in the Fund. The Offering Memorandum, the Memorandum & Articles of Association as well as the latest monthly report are available from the registered office of the Manager and from the Fund's administrator. An investment in the Fund involves financial risk and prospective investors are advised to read the Offering Memorandum carefully in its entirety. With respect to any quotation of expected returns throughout this Report or the Offering Memorandum, it must be noted that these are generated from part research and cannot be guaranteed. The value of an investment in the Fund may fluctuate. Forward looking statements by nature comprise risks and uncertainty since they are related to events and circumstances that may or may not occur or materialise in the future. Due to various risks and uncertainties, actual events or results, the actual performance of the Fund may differ materially from those reflected or contemplated in such forward looking statements. There can be no assurance that the Fund's investment objectives will be achieved and investment results may be achieved over time. Investment in the Fund is not intended on a complete investment program for any investor. Prospective investors should carefully consider if an investment in shares in the Fund is suitable for them in light of their circumstances and their resources. No application has been made to list the shares of the Fund on any stock exchange. Important: shares in the fund are offered solely on the basis of the information and representations contained in the Offering Memorandum and the documents specified therein, which are available for inspection at the Fund's registered office and no other information or representation relating thereto is authorised.

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