

Emerging Markets Bond Fund

Information as at: 28 February 2025

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$52,882,446
A USD class, USD	\$52,882,446
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	BB
Modified Duration	4.34 years
Yield to Worst	11.24%
Fixed Income	20.15%
Equity	63.54%
Cash	13.72%
Repo Instruments	-9.94%
Reverse Repo Instruments	9.92%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	30.93
Government	16.76
Consumer, Cyclical	16.18
Financial	4.21
Communications	10.47
Basic Materials	2.36
Consumer, Non-cyclical	2.11
Industrial	0.50
Funds	0.46
Technology	2.32

Country	% of Total
United States	46.42
United Kingdom	9.59
Nigeria	5.53
Germany	4.54
Russian Federation	3.41
Egypt	3.24
Ghana	2.13
Côte d'Ivoire	1.86
Italy	1.41
Angola	1.18
Other	6.99

Currency Break-Down	% of Total
USD	60.04
EUR	23.49
GBP	14.67
RUB	1.80

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	1.11%	2.81%	47.63%
J.P. Morgan EMBI Global Total Return Index	1.65%	2.90%	20.22%

Share Class performance of 1.11% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for February 2025 is 1.13%

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

FUND COMMENTS

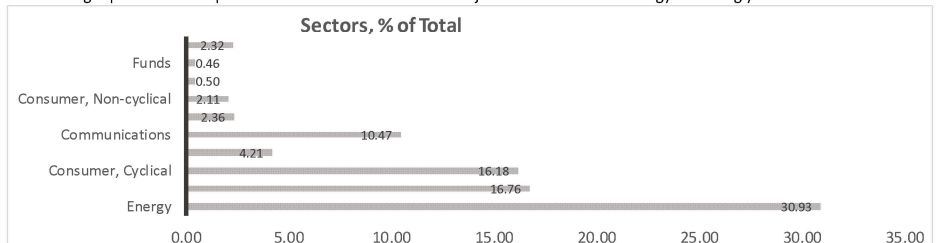
The fund rose by 1.11% in February, bringing its year-to-date returns to 2.81%.

During the month, investor portfolio rebalancing indicated capital outflows from the U.S. equities due to uncertainty surrounding the impact of U.S. policy changes, especially in the tech sector. Weak U.S. market performance also led to a decline in other developed markets, with Bloomberg DM Equities Index losing 0.88%. Thus, the diversified by countries and by asset class investors happened to become the winners of the month

In equities space, investor interest in European stocks has been risen, with the MSCI Europe Index rallying 3.48%, driven by increased defence and infrastructure spending, hopes for a Russia-Ukraine resolution and post-war reconstruction. Fund's holdings Lufthansa (LHA GY, +10.40%), Volkswagen (VOW3 GY, +5.72%) and BASF (BAS GR, +5.47%) profiting. Despite the slight decrease in oil prices, fund's oil companies holdings BP and Occidental Petroleum rebounded adding 4.95% and 4.69%, respectively, and brought one of the highest profit attributions to the portfolio. Conversely, other US equities faced challenges (S&P -1.42%, Dow Jones -1.57%, NASDAQ -2.76%), particularly within mega-cap technology stocks, with fund's Alphabet (GOOGL US, -16.54%), Amazon (AMZN US, -10.69%) and Microsoft (MSFT US, -4.35%) among the underperformers.

Global bonds served as effective diversifiers against equity losses. The Bloomberg Global Aggregate Bond Index returned 1.4% in February, as mid- and long-term Treasury yields fell amidst weakening US sentiment data and emerging growth concerns: 10Y yield decreased by 34bps to 4.21%, 30Y yield – by 30bps to 4.49%. German Bunds 10Y and 30Y showed only -5bp to 2.40% and -1bp to 2.70% respectively, as of same increased defence spending reason. Fund's Sub-Saharan Africa holdings largely held firm with oilers in particular braving the downtrend in Brent: NGERIA traded up 2.1% while ANGOL was up 1.7%.

Looking ahead, we maintain a cautious outlook on DM equities. The resilience of global bonds underscores their role as stabilizers in diversified portfolios. While we largely retain the bias against rates, we see opportunities in mid-term bonds as growth concerns should see flattening pressures as well as remain constructive on EM with risk-reward still attractive on some credits. We will continue to monitor geopolitical developments and economic indicators to adjust our investment strategy accordingly.



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Top 10 Holdings

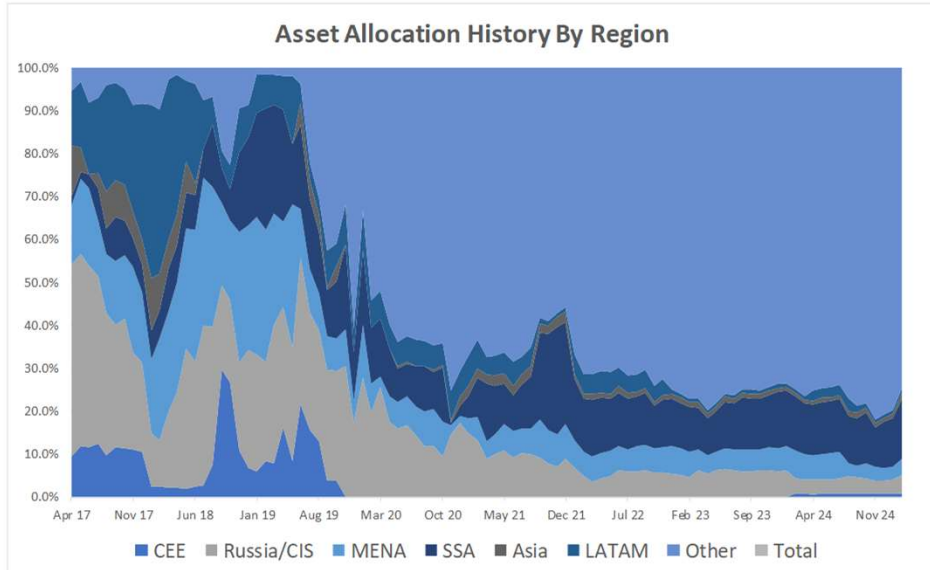
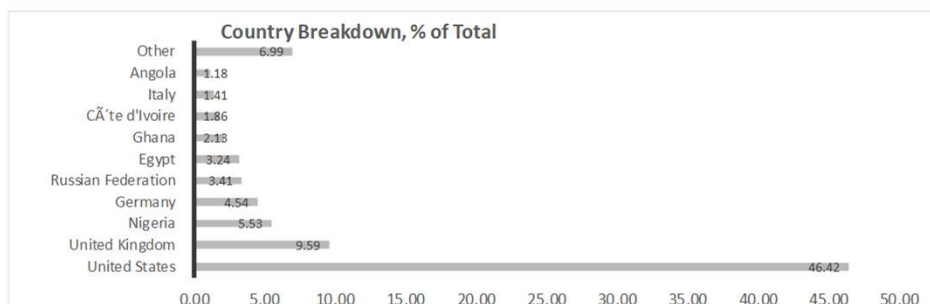
	% of Total
OXY US	8.82
SHELL NA	7.36
BP/ LN	6.99
IAG LN	5.13
AMZN US	4.36
CHRD US	4.06
BPLN 6 1/8 PERP	2.85
NGERIA 9 5/8 06/09/31	2.77
TLGRAM 7 03/22/26	1.91
EZJ LN	1.75

Duration Breakdown

	% of Total
Cash	13.72
Repo Instruments	-9.94
Reverse Repo Instruments	9.92
Equity	59.38
0 - 1 years	5.07
1 - 3 years	4.06
3 - 5 years	5.48
5 - 7 years	5.78
7 - 10 years	6.53
10+ years	0.00

Rating Breakdown

	% of Total
Cash	13.72
Repo Instruments	-9.94
Reverse Repo Instruments	9.92
AAA	0.09
AA	6.15
A	18.57
BBB	17.66
BB	18.24
B	8.65
CCC	7.01
CC	0.00
C	0.00
D	0.00
NR	9.94



	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25
CEE	0.7%	0.7%	0.7%	0.7%	0.7%	0.9%	1.0%	0.9%	0.8%	0.7%	0.7%	0.9%
Russia/CIS	3.3%	3.4%	3.4%	3.5%	3.5%	3.9%	3.7%	3.4%	3.1%	3.0%	3.2%	4.2%
MENA	5.9%	5.8%	6.0%	6.1%	6.3%	3.2%	2.6%	3.5%	3.2%	2.9%	3.1%	3.7%
SSA	12.0%	11.8%	12.1%	12.1%	12.3%	11.1%	11.2%	11.9%	9.2%	10.8%	11.4%	14.1%
Asia	0.8%	0.9%	0.9%	0.9%	0.9%	1.0%	1.3%	1.2%	1.0%	0.9%	1.0%	1.3%
LATAM	0.8%	2.4%	2.4%	2.4%	2.5%	2.8%	1.5%	1.0%	0.9%	0.8%	0.9%	1.1%
Other	76.4%	75.1%	74.5%	74.3%	73.8%	77.2%	78.7%	78.1%	81.9%	80.7%	79.8%	74.7%
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

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