

# Emerging Markets Bond Fund

Information as at: 30 August 2024

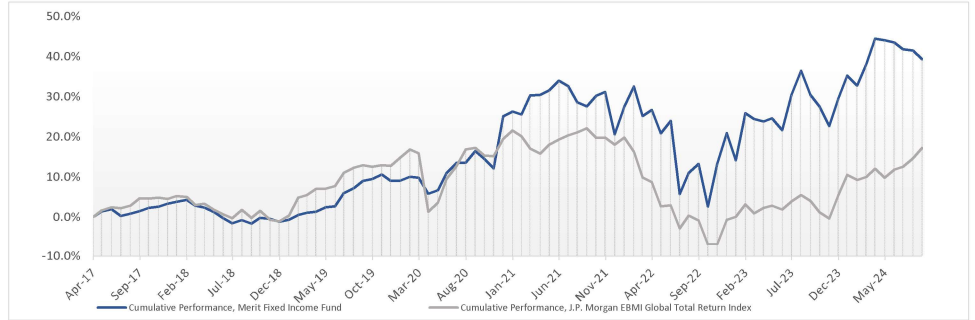
## KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$56,161,817
A USD class, USD	\$56,161,817
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
Performance Benchmark	J.P. Morgan EMBI Global Total Return Index CYF000000200
ISIN	Cyprus
Fund Domicile	AIF-LNP
Fund Type	MERFXPT CY
Bloomberg Ticker	USD
Base currency	0.75%
Management fee	15%
Performance fee	3%
Hurdle rate	
Liquidity	

## INVESTMENT OBJECTIVE

MeritFund 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	-1.53%	3.00%	41.48%
J.P. Morgan EMBI Global Total Return Index	2.33%	6.12%	17.26%

Share Class performance of -1.53% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for August 2024 is -1.50%

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

## MINIMUM INVESTMENT

Share class	
A USD	\$50,000

## FUND CHARACTERISTIC

Credit Rating	#N/A
Modified Duration	3.81 years
Yield to Worst	9.99%
Fixed Income	21.86%
Equity	67.53%
Cash	10.41%
Repo Instruments	-9.52%
Reverse Repo Instruments	7.29%

## COMPOSITION OF THE FUND

Sectors	% of Total
Energy	6.14
Government	17.51
Consumer, Cyclical	27.13
Financial	6.46
Communications	8.97
Basic Materials	1.50
Consumer, Non-cyclical	20.93
Industrial	0.86
Funds	1.49
Technology	0.83

Country	% of Total
United States	55.21
United Kingdom	9.11
Nigeria	4.31
Germany	4.28
Russian Federation	3.43
Egypt	2.90
Brazil	2.51
Ghana	1.87
Côte d'Ivoire	1.79
Angola	1.12
Other	5.30

Currency Break-Down	% of Total
USD	69.80
EUR	14.32
GBP	14.26
RUB	1.63

## MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

## FUND COMMENTS

The fund decreased by 1.53% in August, bringing year-to-date returns to 3.00%. It was a volatile month with mixed market movements. The month began with a sell-off across global markets following weak US economic data. July's ISM manufacturing data came in below estimates (46.8 vs. 48.8), while on the employment front payrolls saw their smallest increase in over three years at 114k and the unemployment rate ticked up slightly to 4.3%.

Toward the end of the month, markets rebounded after the Jackson Hole meeting, as anticipation grew for a more aggressive easing policy by the Federal Reserve. In contrast, commodity markets struggled with weaker global growth and slowing manufacturing momentum. Oil prices retreated on demand concerns, with Brent crude dropping by as much as 5.8% during the month and ending August down by 2.4%.

The fund's performance was impacted by its significant exposure to oil companies. Major holdings such as Shell (SHELL NA, -2.73%), BP (BP/LN, -3.88%), Occidental Petroleum (OXY US, -6.3%), and Chord Energy (CHRD US, -13.37%) weighed on returns. On a more positive note, the fund's strategy of buying the dip in tech and semiconductor stocks proved successful. Nvidia (NVDA US, +15.5%) and Meta (META US, +8.55%), as well as Semiconductors ETF (SOXX US, +12.62%) were key contributors to performance. In the fixed-income sector, bond markets traded positively. Yields on 10-year US Treasuries fell to 3.90%, down from 4.03% at the end of July, with a low of 3.80% following Jerome Powell's Jackson Hole speech, where he signaled potential adjustments in policy; this raised hopes of more aggressive rate cuts.

The fund's emerging markets and Sub-Saharan Africa bond holdings also performed well, with long-term Cameroon and Senegal bonds being standout performers, each adding nearly five points in price. While we remain bullish on duration and high yield bonds as the Fed has begun easing and penciled 50bps of further cuts for the year, we expect bouts of volatility heading into US elections to provide better entry opportunities. We are also turning neutral on energy amid signs of slowing global growth.

