

Emerging Markets Bond Fund

Information as at: 31 July 2024

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$57,180,194
A USD class, USD	\$57,180,194
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	4.33 years
Yield to Worst	11.75%
Fixed Income	25.11%
Equity	74.28%
Cash	5.42%
Repo Instruments	-9.29%
Reverse Repo Instruments	1.40%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	35.27
Government	20.34
Consumer, Cyclical	19.82
Financial	7.41
Communications	9.49
Basic Materials	1.96
Consumer, Non-cyclical	4.21
Industrial	2.12
Funds	1.42
Technology	0.43

Country	% of Total
United States	55.59
United Kingdom	11.39
Nigeria	7.08
Egypt	6.44
Germany	4.04
Russian Federation	3.45
France	2.71
Brazil	2.44
Ghana	1.78
Côte d'Ivoire	1.70
Other	5.85

Currency Break-Down	% of Total
USD	63.84
EUR	17.88
GBP	16.59
RUB	1.69

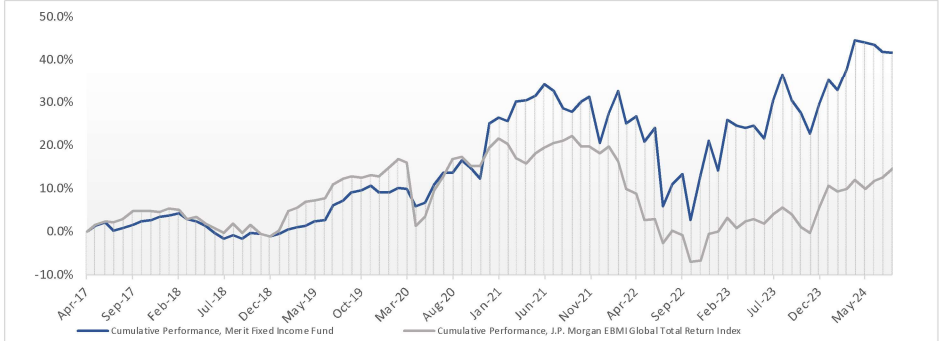
MANAGEMENT TEAM

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	-0.19%	4.60%	41.48%
J.P. Morgan EMBI Global Total Return Index	1.82%	1.84%	14.59%

Share Class performance of -0.19% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for July 2024 is -0.18%

*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 0.19%, taking year to date returns to 4.60%.

July was a volatile month which began with a bull run on global markets before paring some gains on the back of recession fears. Economic data was mixed with softening US price pressures and, contrastingly, stronger PMI data. Labor numbers continued to weaken with initial jobless claims and unemployment trending higher to 4.1%.

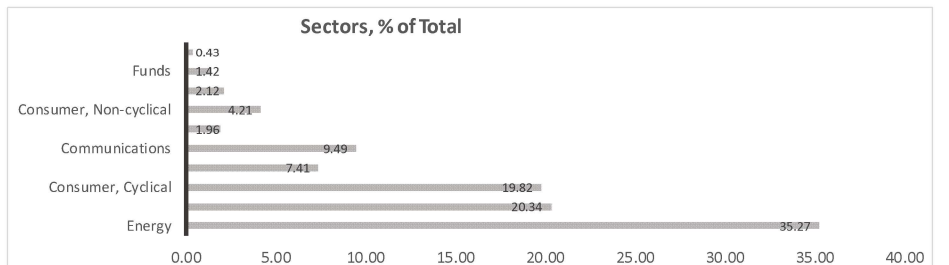
As for the fund's US equity holdings, the showing was mixed, with Tesla (TSLA US +17.28%) and Paypal (PYPL US +13.36%) being the outperformers having beaten earnings expectations whilst tech and travel bore the brunt of the bearishness with holdings such as Lyft (LYFT US -14.54%), Uber (UBER US -11.30%) and Carnival (CCL US -11.00%) considerably underperforming.

In Europe the political landscape dominated the scene with general elections in the UK and elections in France at the start of July. Expectedly, the UK electorate voted Keir Starmer's Labour into power with a landslide majority. Across the channel, France's legislative elections ultimately ushered in a leftist coalition during the second round in July winding down concerns over a potential far-right government as Marine Le Pen's party had won the first round, which resulted in CAC40 Index slump up to 2.4% MTD during the month, which was partially recovered in the second half of July (-0.39% MoM). However, our holdings in Airbus were in the top 15 performers, as the company beat the earnings expectations and gained 10.4%.

Japan's Nikkei 225 kicked off the month with a run off record highs before retracing as global sentiment turned negative to ultimately close 1.22% lower for the month. A surprise 15bps rate hike by the BoJ at the end of the month extended the strengthening of JPY.

Fixed income fared comparatively better in general in anticipation of further policy easing by global central banks. On the rates side, the 10-year Treasury note closed month at 4.03% (-36bps), whilst 10-year bunds closed at 2.30% (-20bps). The fund's holdings were up 1.55% for the month with holdings of Romania, Cameroon and Egypt outperforming.

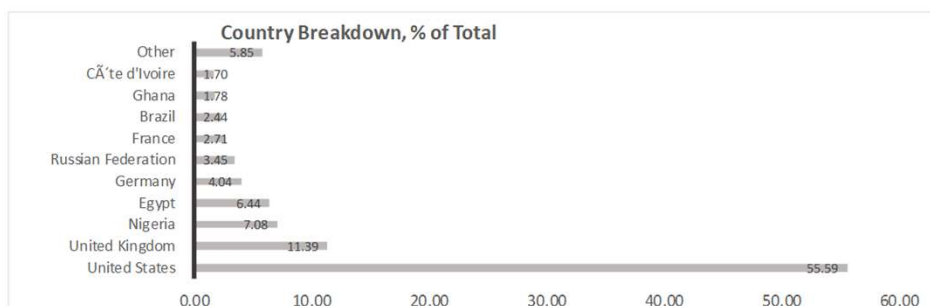
We expect bouts of volatility heading into the US elections to opportunities. Also, given expectations of a Fed rate cut in September we are bullish on duration and high yield bonds as credit spreads narrow. We maintain a hold on energy as jitters in the geopolitical landscape remain.



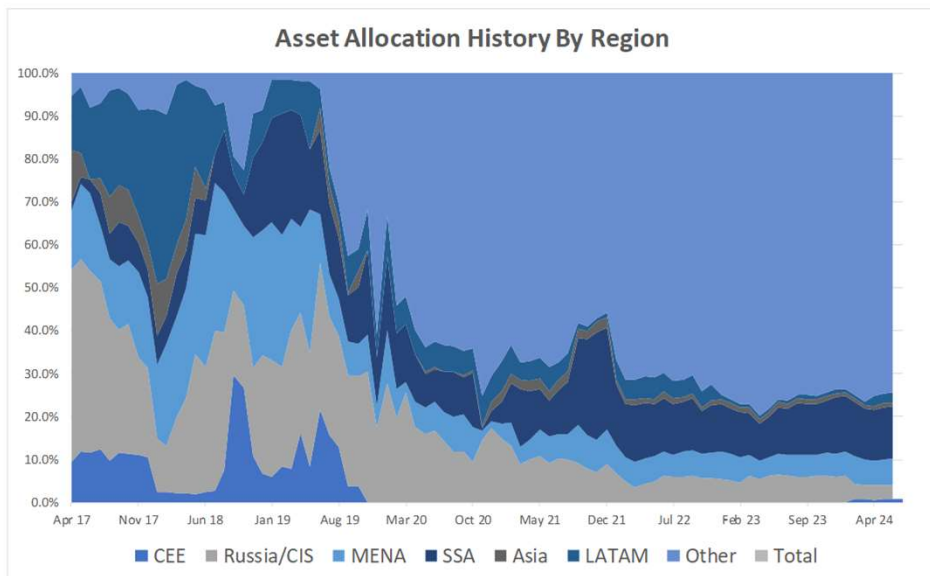
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Top 10 Holdings	% of Total
OXY US	11.09
SHELL NA	9.18
BP/ LN	6.91
CHRD US	6.64
NGERIA 7 3/8 09/28/33	4.43
EGYPT 5.8 09/30/27	4.10
AMZN US	3.27
IAG LN	2.61
UAL US	2.60
EGYPT 3 7/8 02/16/26	2.35



Duration Breakdown	% of Total
Cash	5.42
Repo Instruments	-9.29
Reverse Repo Instruments	1.40
Equity	74.33
0 - 1 years	0.55
1 - 3 years	11.71
3 - 5 years	3.42
5 - 7 years	9.11
7 - 10 years	2.36
10+ years	0.99



Rating Breakdown	% of Total
Cash	5.42
Repo Instruments	-9.29
Reverse Repo Instruments	1.40
AAA	0.08
AA	4.07
A	23.18
BBB	14.85
BB	31.80
B	4.06
CCC	12.93
CC	0.00
C	0.00
D	0.00
NR	11.51

	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Russia/CIS	6.0%	6.0%	6.2%	6.1%	5.9%	6.2%	3.6%	3.3%	3.4%	3.4%	3.5%	3.5%
MENA	5.0%	5.1%	5.0%	5.5%	5.6%	5.6%	6.4%	5.9%	5.8%	6.0%	6.1%	6.3%
SSA	12.1%	11.9%	11.8%	12.1%	13.0%	12.9%	12.6%	12.0%	11.8%	12.1%	12.1%	12.3%
Asia	1.2%	1.1%	1.0%	1.1%	1.0%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%	0.9%
LATAM	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	2.4%	2.4%	2.4%	2.5%
Other	74.8%	75.0%	75.1%	74.3%	73.6%	73.4%	74.8%	76.4%	75.1%	74.5%	74.3%	73.8%
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.