

Emerging Markets Bond Fund

Information as at: 30 September 2024

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$56,473,218
A USD class, USD	\$56,473,218
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	4.39 years
Yield to Worst	12.71%
Fixed Income	17.10%
Equity	65.74%
Cash	22.59%
Repo Instruments	-9.50%
Reverse Repo Instruments	1.42%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	29.16
Government	12.55
Consumer, Cyclical	20.61
Financial	3.29
Communications	10.05
Basic Materials	2.19
Consumer, Non-cyclical	3.47
Industrial	0.60
Funds	1.61
Technology	1.94

Country	% of Total
United States	50.71
United Kingdom	9.70
Germany	4.57
Nigeria	4.27
Russian Federation	3.03
Egypt	2.23
Ghana	1.87
Côte d'Ivoire	1.84
Brazil	1.23
Italy	1.11
Other	4.93

Currency Break-Down	% of Total
USD	69.65
EUR	14.44
GBP	14.31
RUB	1.59

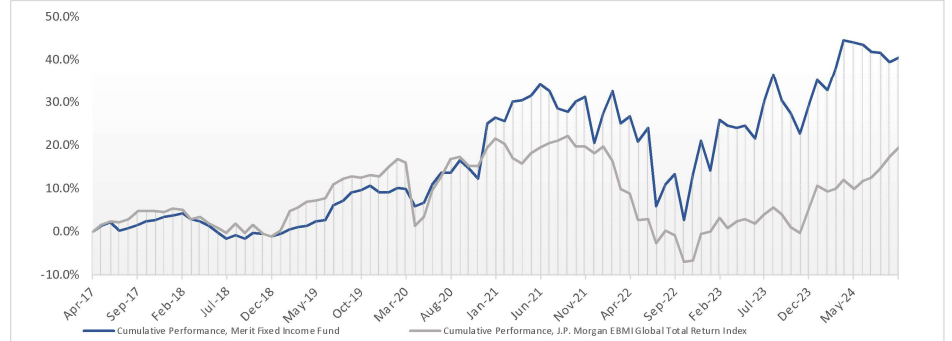
MANAGEMENT TEAM

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	0.87%	3.89%	40.53%
J.P. Morgan EMBI Global Total Return Index	1.79%	8.02%	19.36%

Share Class performance of 0.87% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for September 2024 is 0.88%

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

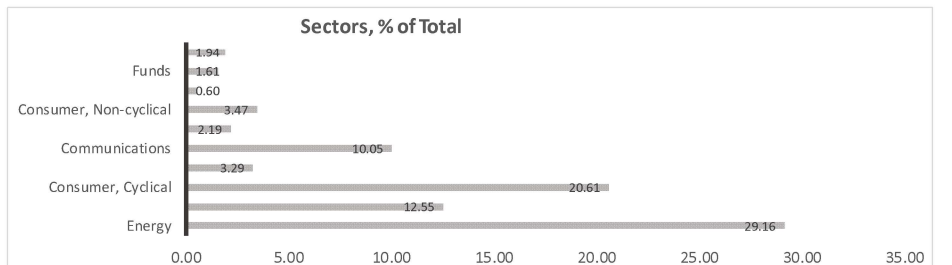
FUND COMMENTS

The fund increased by 0.87% in September, bringing year-to-date returns to 3.89%. Inflation and employment data had come in line in the leadup to the FOMC resulting in a largely bearish tone for the first couple of sessions for September with commodities particularly heavy. The month ultimately closed on a positive note spurred by the Fed's 50bps cut to kick off its easing cycle.

The fund's exposure to energy weighed on equity performance. While positioning had been trimmed amid an appreciation of a potentially weaker global growth outlook, underperformance in the fund's holdings just about negated strong performance from other sectors; holdings such as Chord Energy (CHRD US, -10.56%), Occidental Petroleum (OXY US, -9.55%) and Royal Dutch Shell (SHELL NA, -6.80%) were among the underperformers. On the positive end, the fund's travel stocks rebounded with such stocks as United Airlines (UAL US +29.56%) and Wynn Resorts (WYNN US +24.71%) outperforming. The fund's strategy for tactical longs in China also paid off with holdings of Baidu (BIDU US +24.43%) and Tencent (TCEHY US +14.20%) performing strongly amid easing by Chinese authorities.

On the fixed-income front, bonds traded positively. Yield on the benchmark 10-year US Treasuries closed the month at 3.75%, 15bps lower as the market priced in just shy of 75bps further Fed easing into end 2024. Ivory Coast and Egypt bonds outperformed, up about 4% each with the latter remaining resilient even as tensions in the Middle East ratcheted up.

We remain bullish on risk assets even as we appreciate that US economic exceptionalism may be tempered and that bouts of volatility are likely to be experienced going into elections. We also maintain our neutral position on energy on the back of continued tensions in the Middle East with recent policy easing by China also providing support for our view.



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Top 10 Holdings

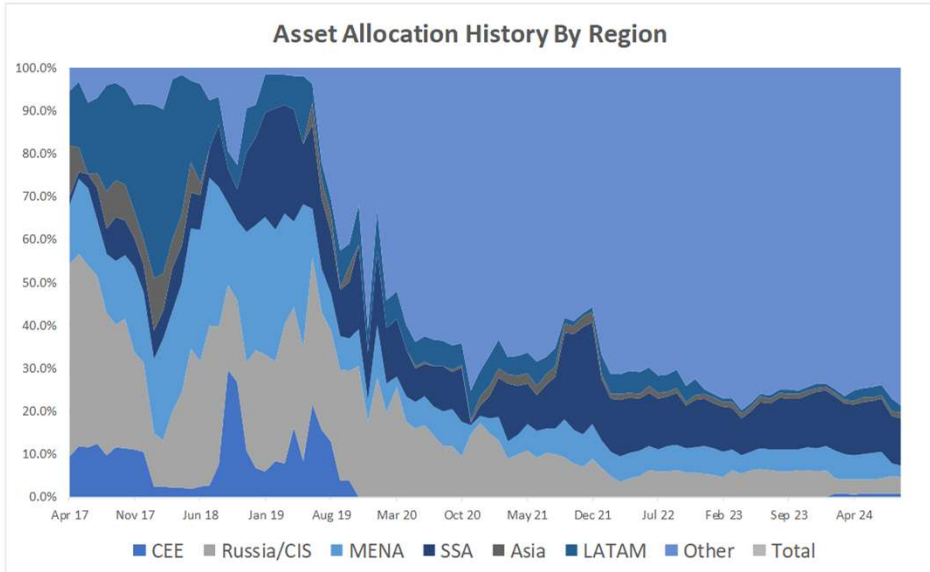
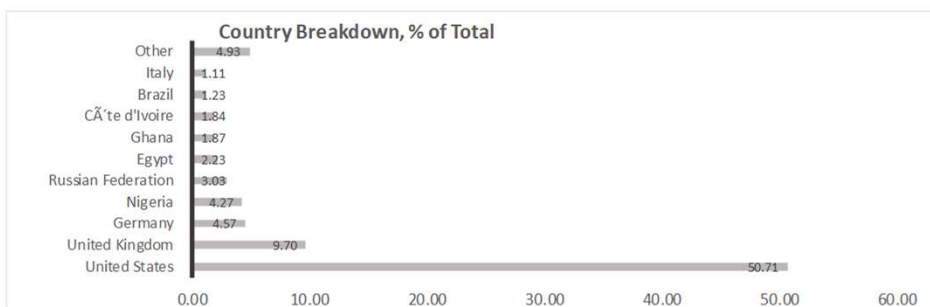
	% of Total
OXY US	8.71
SHELL NA	8.41
BP/ LN	6.23
CHRD US	4.33
AMZN US	3.58
IAG LN	3.42
UAL US	2.94
CCL US	1.88
EZJ LN	1.79
DAL US	1.71

Duration Breakdown

	% of Total
Cash	22.59
Repo Instruments	-9.50
Reverse Repo Instruments	1.42
Equity	66.32
0 - 1 years	1.18
1 - 3 years	6.59
3 - 5 years	1.92
5 - 7 years	5.73
7 - 10 years	3.75
10+ years	0.00

Rating Breakdown

	% of Total
Cash	22.59
Repo Instruments	-9.50
Reverse Repo Instruments	1.42
AAA	0.09
AA	5.72
A	19.17
BBB	13.93
BB	25.31
B	4.03
CCC	5.28
CC	0.00
C	0.00
D	0.00
NR	11.95



	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
CEE	0.0%	0.0%	0.0%	0.0%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.9%	1.0%
Russia/CIS	6.2%	6.1%	5.9%	6.2%	3.6%	3.3%	3.4%	3.4%	3.5%	3.5%	3.9%	3.7%
MENA	5.0%	5.5%	5.6%	5.6%	6.4%	5.9%	5.8%	6.0%	6.1%	6.3%	3.2%	2.6%
SSA	11.8%	12.1%	13.0%	12.9%	12.6%	12.0%	11.8%	12.1%	12.1%	12.3%	11.1%	11.2%
Asia	1.0%	1.1%	1.0%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%	0.9%	1.0%	1.3%
LATAM	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	2.4%	2.4%	2.4%	2.5%	2.8%	1.5%
Other	75.1%	74.3%	73.6%	73.4%	74.8%	76.4%	75.1%	74.5%	74.3%	73.8%	77.2%	78.7%
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 AIFLP 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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