

Emerging Markets Bond Fund

Information as at: 31 January 2022

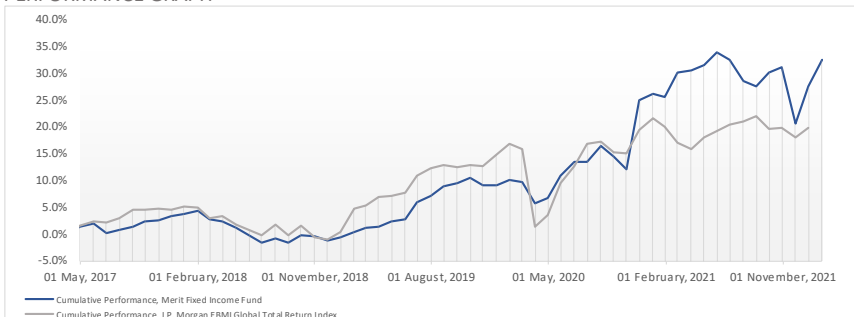
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$62,128,316
A USD class, USD	\$62,128,316
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

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	3.94%	0.00%	32.52%
J.P. Morgan EMBI Global Total Return Index	-2.89%	0.00%	16.29%

Share Class performance of 3.94% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for January 2022 is 4.32%

*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 returned 3.94% for the month of January, setting year to date returns at 3.94%. It outperformed most major developed market indices where S&P and the Nasdaq marked -5.26% and -8.52% in the red respectively whilst the Dow lost -3.24%. The markets have observed an overall increase in global core yields as central banks are turning increasingly hawkish in a quest to grapple the challenge of rising inflation. This hurdle coupled with a lifting of COVID-19 restrictions in most of the world barring China and some other parts of Asia has led to a sell-off in core bonds. Another dynamic that has come into play is the escalation of the Russian-Ukrainian crisis whose root cause is Ukraine's desire of a NATO membership which Russia, expectedly, categorically rejects.

The fund stands well positioned for the above noted developments; it maintains some shorts in Bonds and Treasuries that have performed well month on month. Higher yields and a general tightening of monetary policy bodes for with financial stocks where the fund holds stakes and plans to increase its holdings with any underlying pullbacks. The oil holdings both through its fixed income positions and the oil majors give the fund considerable exposure to the commodity which is experiencing another leg higher due to the tensions on the Ukrainian border. Lastly, as per our projection, the Omicron variant proved to be less aggressive i.e. keeping hospitalizations in check, although more virulent. As such, travel, aviation, entertainment parks and hotels are on an upward trend. Looking forward, the trading environment looks to remain volatile in light of Central bank hawkishness angst. Volatility in benchmark core rates does not benefit any asset class and some range bound calm needs to come about to appease the risk sentiment. Additionally, the Russian Ukrainian conflict looks set to continue making risky assets vulnerable to underlying developments.

MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

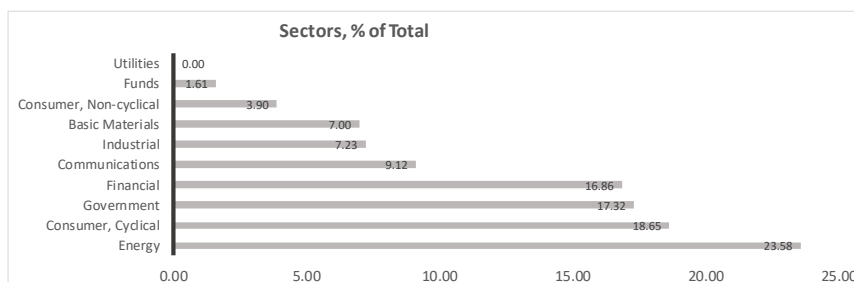
Credit Rating	BB-
Modified Duration	2.93 years
Yield to Worst	8.10%
Fixed Income	37.72%
Equity	67.56%
Cash	18.60%
Repo Instruments	-38.68%
Reverse Repo Instruments	14.80%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	23.58
Consumer, Cyclical	18.65
Government	17.32
Financial	16.86
Communications	9.12
Industrial	7.23
Basic Materials	7.00
Consumer, Non-cyclical	3.90
Funds	1.61
Utilities	0.00

Country	% of Total
United States	36.25
United Kingdom	16.87
Nigeria	9.22
Russian Federation	6.97
Egypt	5.97
Netherlands	5.81
Cyprus	4.87
Brazil	4.71
Ghana	2.66
France	2.17
Other	9.77

Currency Break-Down	% of Total
USD	62.02
EUR	21.51
GBP	13.83
RUB	2.64



MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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Top 10 Holdings

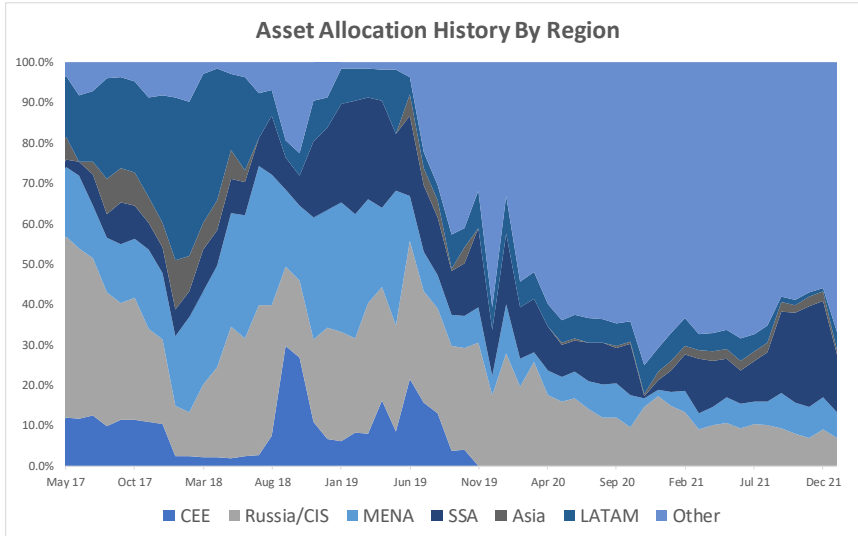
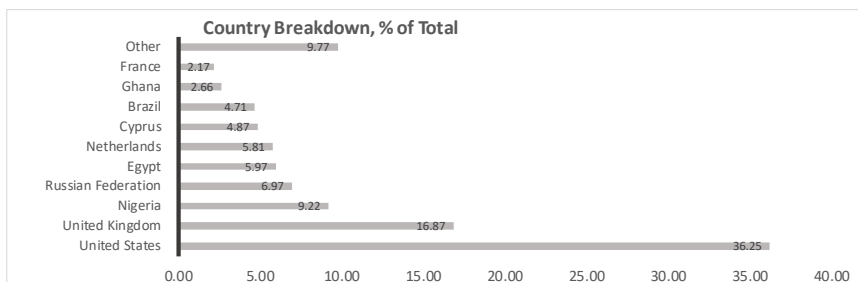
	% of Total
SHELL NA	5.81
OXY US	5.64
BP/ LN	5.54
BOCYCY 2 1/2 06/24/27	4.87
NGERIA 7 3/8 09/28/33	4.63
WLL US	4.58
ACUPET 7 1/2 01/13/32	3.94
EGYPT 5.8 09/30/27	3.86
IAG LN	2.37
EGYPT 3 7/8 02/16/26	2.11

Duration Breakdown

	% of Total
Cash	18.60
Repo Instruments	-38.68
Reverse Repo Instruments	14.80
Equity	67.56
0 - 1 years	2.49
1 - 3 years	2.71
3 - 5 years	16.64
5 - 7 years	7.77
7 - 10 years	11.10
10+ years	-2.99

Rating Breakdown

	% of Total
Cash	18.60
Repo Instruments	-38.68
Reverse Repo Instruments	14.80
AAA	-3.35
AA	1.76
A	20.03
BBB	16.72
BB	20.63
B	32.43
CCC	2.66
CC	0.00
C	0.00
D	0.03
NR	14.36



	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	13.3%	9.0%	10.1%	10.7%	9.2%	10.4%	10.1%	9.2%	8.0%	7.0%	8.9%	6.9%
MENA	5.4%	4.0%	4.5%	6.3%	6.1%	5.6%	5.8%	8.9%	7.7%	7.8%	8.0%	6.5%
SSA	9.0%	13.6%	11.4%	9.5%	8.4%	10.2%	12.2%	20.1%	22.3%	24.9%	23.9%	14.2%
Asia	2.2%	2.1%	2.3%	2.5%	2.3%	2.4%	2.5%	2.3%	2.0%	2.4%	2.4%	1.2%
LATAM	6.8%	4.1%	4.6%	4.8%	5.6%	4.1%	4.3%	1.4%	1.2%	0.9%	0.9%	4.5%
Other	63.4%	67.2%	67.1%	66.2%	68.4%	67.4%	65.1%	58.1%	58.9%	57.1%	55.8%	66.8%
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 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 # LPAlF05/2014, 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 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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