

Emerging Markets Bond Fund

Information as at: 28 February 2022

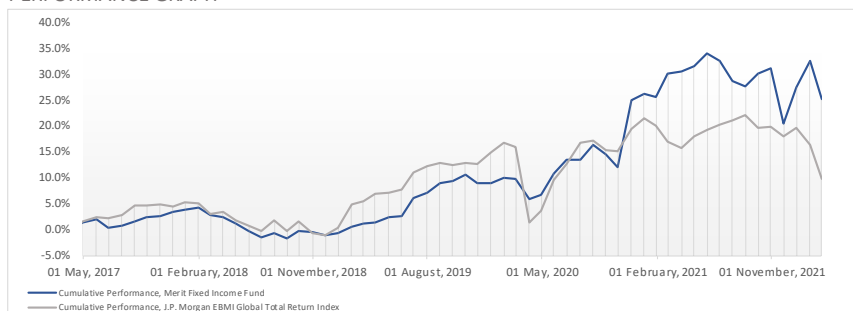
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$53,606,223
A USD class, USD	\$53,606,223
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	-5.56%	-1.84%	25.16%
J.P. Morgan EMBI Global Total Return Index	-5.50%	-8.23%	9.89%

Share Class performance of -5.56% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for February 2022 is -5.48%

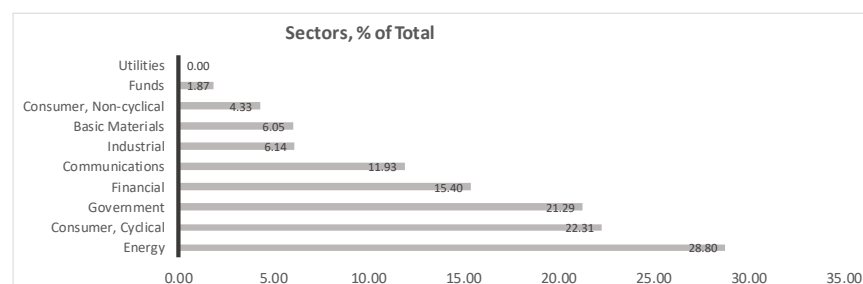
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FUND COMMENTS

The fund fell 5.50 percent for the month of February with the invasion of Russia into Ukraine. Although there had been numerous warnings of such by the US government, the extremity of such an occurrence coupled with the fact that the warnings came with no actual invasion, caught the world and the financial markets by surprise.

The war will have huge repercussions on the balance of the world economy as Ukraine and Russia are both significant global producers of agricultural commodities but additionally as Russia is a global player in the energy markets as one of the world's top three crude producers. In effect, this cannot bode well with the financial market sentiment that is already struggling with inflationary pressures post the COVID era stimulus and supply-chain bottleneck induced inflation. The West have shown a particularly united stance in punishing Russia on the war from crippling their banking system, to freezing the assets of the Russian central bank, amongst other measures. As a result, post effect, Russian valuations have been particularly hit as has the Ruble.

As expected, oil majors were amongst the gainers of the fund as were safe havens. Losers included of course the Russian assets of the fund as well as high beta assets such as Emerging Market bonds, banks and travel. Generally, the overall market was in the red with the S&P 500 down 3.1%, the Nasdaq down 3.4% and the Dow Jones down 3.5% for the month of February. Besides the war in Ukraine, investors are risk averse as they are grappling with Central banks that are behind the curve and that acknowledge that considerable tightening is required from a really low level to avert the overheating of the global economy.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB-
Modified Duration	5.08 years
Yield to Worst	11.95%
Fixed Income	39.67%
Equity	78.45%
Cash	22.98%
Repo Instruments	-54.06%
Reverse Repo Instruments	12.96%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	28.80
Consumer, Cyclical	22.31
Government	21.29
Financial	15.40
Communications	11.93
Industrial	6.14
Basic Materials	6.05
Consumer, Non-cyclical	4.33
Funds	1.87
Utilities	0.00

Country	% of Total
United States	42.41
United Kingdom	17.96
Nigeria	10.39
Netherlands	7.06
Egypt	6.52
Germany	6.50
Russian Federation	5.71
Cyprus	5.32
Brazil	5.21
Ghana	2.70
Other	8.33

Currency Break-Down	% of Total
USD	65.17
EUR	13.66
GBP	19.46
RUB	1.71

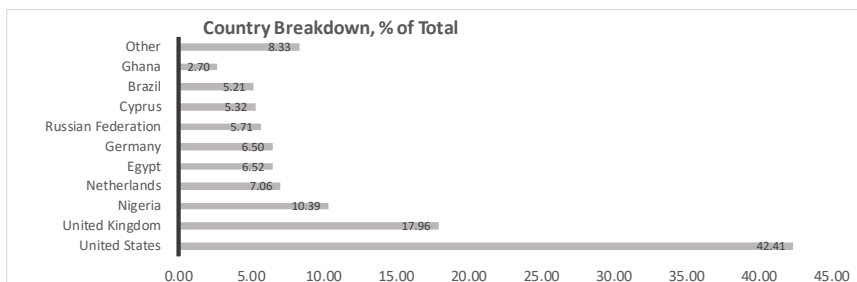
MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

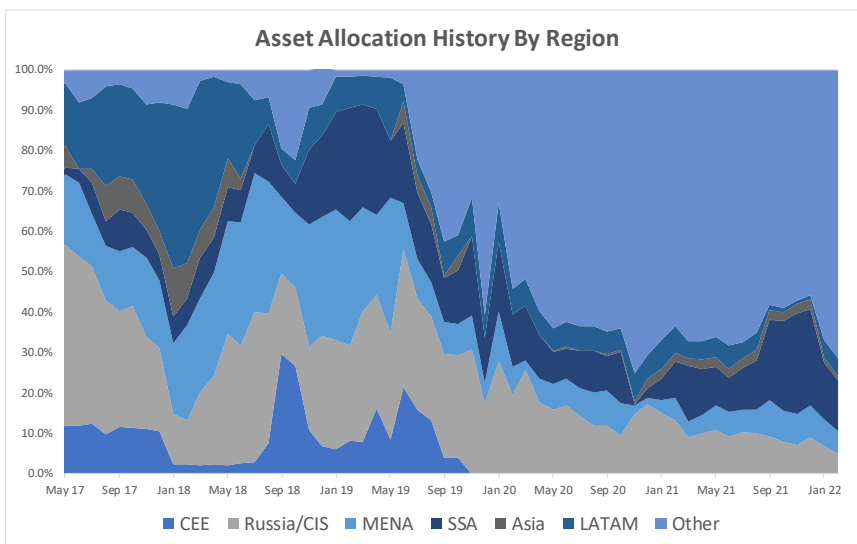
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Top 10 Holdings	% of Total
OXY US	8.62
SHELL NA	7.06
BP/ LN	6.10
BOCYCY 2 1/2 06/24/27	5.32
WLL US	5.27
NGERIA 7 3/8 09/28/33	5.20
ACUPET 7 1/2 01/13/32	4.35
EGYPT 5.8 09/30/27	4.24
IAG LN	2.61
UAL US	2.34



Duration Breakdown	% of Total
Cash	22.98
Repo Instruments	-54.06
Reverse Repo Instruments	12.96
Equity	78.45
0 - 1 years	2.05
1 - 3 years	0.00
3 - 5 years	22.20
5 - 7 years	5.85
7 - 10 years	8.24
10+ years	1.33



Rating Breakdown	% of Total
Cash	22.98
Repo Instruments	-54.06
Reverse Repo Instruments	12.96
AAA	0.00
AA	2.10
A	22.41
BBB	16.33
BB	24.01
B	31.14
CCC	2.91
CC	0.00
C	0.00
D	0.04
NR	19.19

	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 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	9.0%	10.1%	10.7%	9.2%	10.4%	10.1%	9.2%	8.0%	7.0%	8.9%	6.9%	5.0%
MENA	4.0%	4.5%	6.3%	6.1%	5.6%	5.8%	8.9%	7.7%	7.8%	8.0%	6.5%	5.5%
SSA	13.6%	11.4%	9.5%	8.4%	10.2%	12.2%	20.1%	22.3%	24.9%	23.9%	14.2%	12.4%
Asia	2.1%	2.3%	2.5%	2.3%	2.4%	2.5%	2.3%	2.0%	2.4%	2.4%	1.2%	1.2%
LATAM	4.1%	4.6%	4.8%	5.6%	4.1%	4.3%	1.4%	1.2%	0.9%	0.9%	4.5%	4.4%
Other	67.2%	67.1%	66.2%	68.4%	67.4%	65.1%	58.1%	58.9%	57.1%	55.8%	66.8%	71.4%
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; 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.