

Emerging Markets Bond Fund

Information as at: 31 March 2022

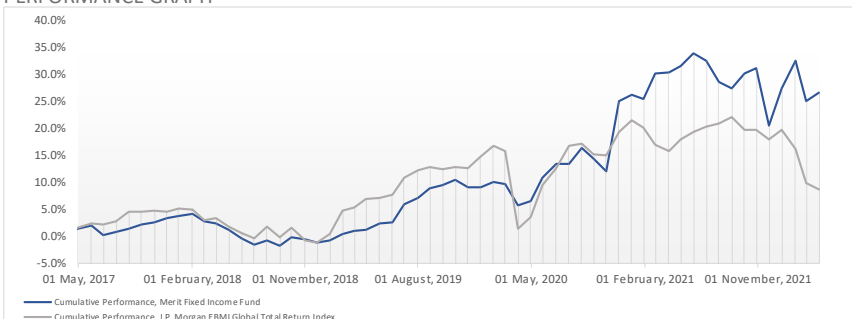
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$54,550,824
A USD class, USD	\$54,550,824
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 AIFNP 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	1.23%	-0.64%	26.69%
J.P. Morgan EMBI Global Total Return Index	-1.12%	-9.26%	8.66%

Share Class performance of 1.23% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for March 2022 is 1.32%

*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 1.23% for the month of March taking the YTD returns to about a flat level of -0.64%. Inflation has been the theme of 2022 with Central Banks shifting from an ultra-easing monetary policy regime to a tightening one with a 25bps hike already done in March and with 50bps rate hikes priced in for each successive meeting from May through to July. The US Fed has been considerably criticized for the current inflation issues and its application of the monetary policy. Its head, Jerome Powell, along with the FOMC committee, had been calling inflation for all of 2021 "transitory" while keeping rates near zero and maintaining a bond-buying program for far too long. This, in effect, had exacerbated the situation.

Exogenous variables to the pandemic such as the Russian-Ukrainian war have negatively affected the overall picture due to soaring gas and food prices. However, the inflation effect of factors that were a direct consequence of the COVID-19 pandemic had been vastly underestimated and led to the "transitory" call on price pressures that is causing the issues that we currently have. These factors include the effect of Asian driven supply-chain shocks and the zero-tolerance stance on the pandemic of China, the massive fiscal stimulus program of the US government that came in combination with the significant monetary policy easing, OPEC+'s gradual oil output hike at each of their sequential meetings.

As a result, hawkish Central Banks have led to jitters in the financial markets and a prick of the asset bubble that was created from the stimuli of the pandemic era. Higher, core global yields, made growth stocks particularly vulnerable with the Nasdaq down 21% YTD. Winners in the fund included predominantly oil majors and commodity linked bonds whilst losers were some tech names, financial and

MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B+
Modified Duration	5.02 years
Yield to Worst	12.97%
Fixed Income	37.05%
Equity	72.19%
Cash	4.99%
Repo Instruments	-26.91%
Reverse Repo Instruments	12.68%

COMPOSITION OF THE FUND

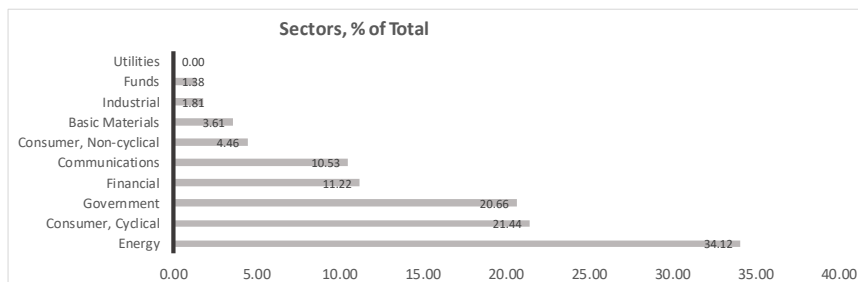
Sectors	% of Total
Energy	34.12
Consumer, Cyclical	21.44
Government	20.66
Financial	11.22
Communications	10.53
Consumer, Non-cyclical	4.46
Basic Materials	3.61
Industrial	1.81
Funds	1.38
Utilities	0.00

Country	% of Total
United States	40.19
United Kingdom	14.94
Nigeria	10.00
Netherlands	7.28
Egypt	6.53
Germany	6.33
Brazil	5.13
Cyprus	5.06
Russian Federation	3.87
Ghana	2.85
Other	7.05

Currency Break-Down	% of Total
USD	60.19
EUR	23.33
GBP	14.33
RUB	2.16

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides



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Top 10 Holdings

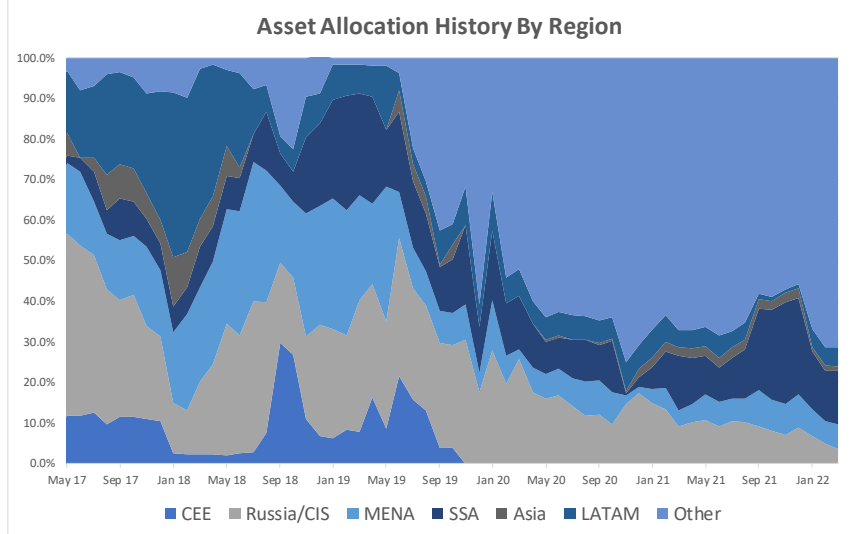
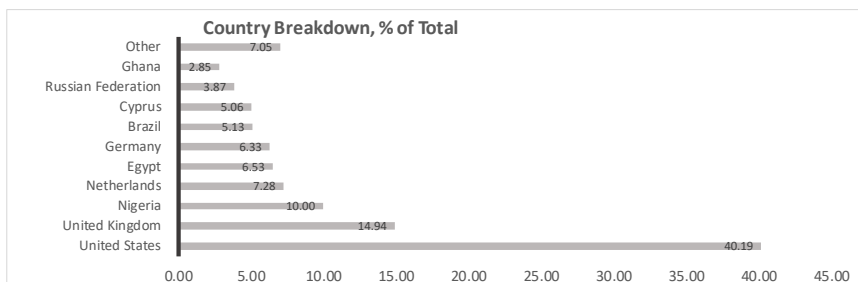
	% of Total
OXY US	9.53
SHELL NA	7.28
BP/ LN	6.05
WLL US	5.72
BOCYCY 2 1/2 06/24/27	5.06
NGERIA 7 3/8 09/28/33	5.01
ACUPET 7 1/2 01/13/32	4.28
EGYPT 5.8 09/30/27	4.21
IAG LN	2.40
UAL US	2.40

Duration Breakdown

	% of Total
Cash	4.99
Repo Instruments	-26.91
Reverse Repo Instruments	12.68
Equity	72.19
0 - 1 years	1.61
1 - 3 years	1.23
3 - 5 years	19.99
5 - 7 years	5.08
7 - 10 years	9.13
10+ years	0.00

Rating Breakdown

	% of Total
Cash	4.99
Repo Instruments	-26.91
Reverse Repo Instruments	12.68
AAA	0.00
AA	1.67
A	18.44
BBB	11.94
BB	23.77
B	29.99
CCC	2.91
CC	0.00
C	0.00
D	0.00
NR	20.51



	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 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	10.1%	10.7%	9.2%	10.4%	10.1%	9.2%	8.0%	7.0%	8.9%	6.9%	5.0%	3.6%
MENA	4.5%	6.3%	6.1%	5.6%	5.8%	8.9%	7.7%	7.8%	8.0%	6.5%	5.5%	6.0%
SSA	11.4%	9.5%	8.4%	10.2%	12.2%	20.1%	22.3%	24.9%	23.9%	14.2%	12.4%	13.2%
Asia	2.3%	2.5%	2.3%	2.4%	2.5%	2.3%	2.0%	2.4%	2.4%	1.2%	1.2%	1.1%
LATAM	4.6%	4.8%	5.6%	4.1%	4.3%	1.4%	1.2%	0.9%	0.9%	4.5%	4.4%	4.8%
Other	67.1%	66.2%	68.4%	67.4%	65.1%	58.1%	58.9%	57.1%	55.8%	66.8%	71.4%	71.3%
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 # 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.

Contact

EFTAPATON COURT, 2nd Floor
 256 Makarios Ave., Limassol , Cyprus
 P.O Box 53180, CY-3301, Limassol, Cyprus
 Tel: +357 25 857 900

info@meritfixed.com
www.meritkapital.com

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