

Emerging Markets Bond Fund

Information as at: 31 May 2024

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$58,262,796
A USD class, USD	\$58,262,796
Fund Inception Date	9/1/2016
Strategy Inception Date	4/1/2017
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	-0.39%	6.08%	43.49%
J.P. Morgan EMBI Global Total Return Index	1.82%	1.17%	11.80%

Share Class performance of -0.39% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for May 2024 is -0.37%

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

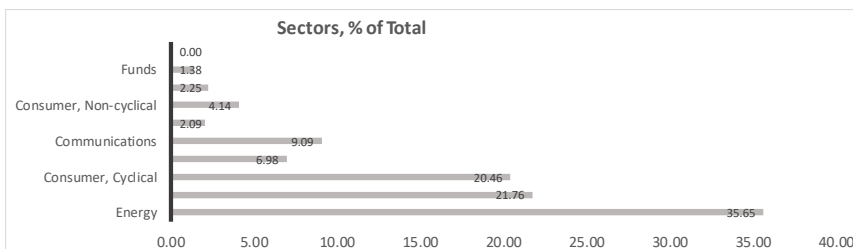
FUND COMMENTS

The Fund retreated 0.39% for May, taking the year to date returns 6.08%.

In May, economic data released alleviated concerns about the overheating state of the US economy. The US Labour market showed some signs of cooling (175k job openings in May vs 315k April, below expectations), whilst US CPI data came in line - (headline 3.4% and core 3.6% YoY). Oil prices, after reaching YTD highs in April, corrected MOM: Brent fell to 81.62 vs 87.86. In equities, the S&P 500 rebounded in May (+4.8% MoM, +10.6% YTD) after April's losses, with growth (tech) and smaller-cap stocks outperforming - 8x8 Inc (EGHT US, +23.5%) and Netflix (NFLX US, +16.5%) were among the Fund's top performers. European stocks also finished May in the green (MSCI Europe ex-UK: 3.6%). The Chinese market also gained momentum, with the Fund's Tencent Holdings (TCENY US, +6.3%) rising MOM. Oil holdings such as Occidental Petroleum (OXY US, -5.5%) and BP PLC (BP/LN, -4.9%) closed lower.

In the fixed income space US Treasuries performed well with a contraction in along the curve; 10-year Treasury note yield closed at 4.49% from 4.70%. In the Eurozone, the European Central Bank (ECB) has the disinflationary path more in check, with wage growth moderating and despite the small fluctuations in May's inflation rates at 2.6% headline and 2.9% core (vs expectations of 2.5% and 2.8% respectively). This trend has the ECB on track with a rate cut in June (which the ECB did). In contrast, UK services inflation remains high at 5.9%, making a June rate cut by the BoE seem unlikely (in June the BoE left rates unchanged). The global positive momentum retranslated into an outperformance in EM and correspondingly in SSA (Sub-Saharan Africa) FI markets.

Looking ahead, the US Fed rate cut timeline remains uncertain. The latest economic data (including the June CPI data which came within expectations), along with robust corporate fundamentals, sustains optimism that the next adjustment in interest rates in the US, EU and the UK will be downward, albeit the timing differentials. As such, risky assets should remain supported. Whilst our exposure to energy has weighed down on the fund's performance as of late, we maintain an underlying hold due to the ensuing geopolitical risks. In similar vein, we remain watchful for opportunities in European Government Bonds amid developments in French politics.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB
Modified Duration	4.36 years
Yield to Worst	9.65%
Fixed Income	25.23%
Equity	75.40%
Cash	3.92%
Repo Instruments	-9.09%
Reverse Repo Instruments	1.37%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	35.65
Government	21.76
Consumer, Cyclical	20.46
Financial	6.98
Communications	9.09
Basic Materials	2.09
Consumer, Non-cyclical	4.14
Industrial	2.25
Funds	1.38
Technology	0.00

Country	% of Total
United States	57.00
United Kingdom	10.98
Nigeria	6.96
Egypt	6.26
Germany	4.38
Russian Federation	3.35
France	2.98
Brazil	2.37
Ghana	1.75
Côte d'Ivoire	1.72
Other	6.04

Currency Break-Down	% of Total
USD	63.82
EUR	18.06
GBP	16.49
RUB	1.63

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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Top 10 Holdings

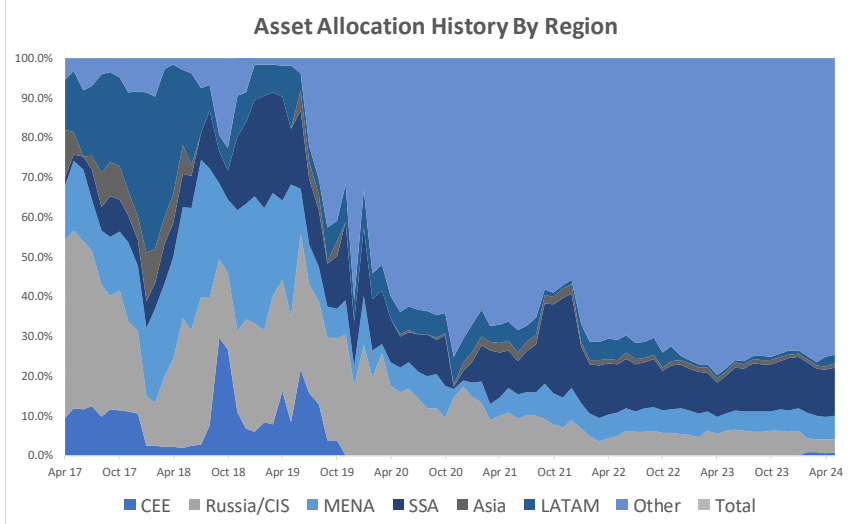
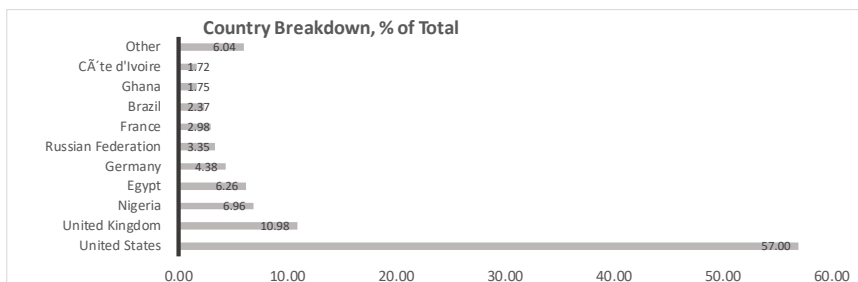
	% of Total
OXY US	11.19
SHELL NA	8.87
BP/ LN	7.14
CHRD US	7.03
NGERIA 7 3/8 09/28/33	4.37
EGYPT 5.8 09/30/27	3.99
AMZN US	3.03
UAL US	2.98
IAG LN	2.63
EGYPT 3 7/8 02/16/26	2.27

Duration Breakdown

	% of Total
Cash	3.92
Repo Instruments	-9.09
Reverse Repo Instruments	1.37
Equity	74.50
0 - 1 years	2.24
1 - 3 years	9.69
3 - 5 years	3.95
5 - 7 years	8.41
7 - 10 years	2.37
10+ years	1.00

Rating Breakdown

	% of Total
Cash	3.92
Repo Instruments	-9.09
Reverse Repo Instruments	1.37
AAA	0.00
AA	3.72
A	22.40
BBB	15.48
BB	32.58
B	3.94
CC	12.65
CC	0.00
C	0.00
D	0.00
NR	11.39



	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.7%	0.7%
Russia/CIS	6.2%	6.4%	6.3%	6.0%	6.0%	6.2%	6.1%	5.9%	6.2%	3.6%	3.3%	3.4%
MENA	4.4%	4.9%	4.9%	5.0%	5.1%	5.0%	5.5%	5.6%	5.6%	6.4%	5.9%	5.9%
SSA	9.5%	10.8%	10.7%	12.1%	11.9%	11.8%	12.1%	13.0%	12.9%	12.6%	12.0%	12.0%
Asia	1.0%	1.2%	1.2%	1.2%	1.1%	1.0%	1.1%	1.0%	0.9%	0.9%	0.8%	0.9%
LATAM	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%
Other	78.2%	75.9%	76.2%	74.8%	75.0%	75.1%	74.3%	73.6%	73.4%	74.8%	76.4%	74.7%
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 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 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.

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