

# Emerging Markets Bond Fund

Information as at: 28 June 2024

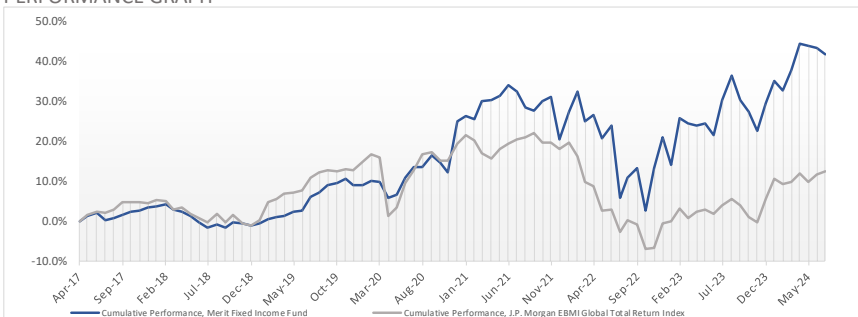
## KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$57,289,396
A USD class, USD	\$57,289,396
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 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	-1.21%	4.80%	41.76%
J.P. Morgan EMBI Global Total Return Index	0.66%	1.84%	12.54%

Share Class performance of -1.21% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for June 2024 is -1.18%

\*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 shed 1.21%, taking year to date returns to 4.80%.

Economic data for generally showed the continuation of US exceptionalism albeit with a balanced tone overall. Labour and services data for May topped estimates – 272k new jobs vs 180k expected and ISM Services Index coming at 53.8% vs 51.0% expected while CPI and retail sales showed signs of cooling with the headline annual inflation figure at 3.3% (from 3.4% in April) and sales advancing 0.1% for May. The Fed, in turn, pencilled in 1 rate cut for the year from a previous 3 on the March dot plots while holding rates as expected. Oil recovered from May's slump with Brent up 5.8%.

Equities had a comparatively muted showing in June – +3.5% MoM vs +4.8% in May – with performance dented by a bout of bearish sessions into the month-end. Travel and growth stocks outperformed with the holdings of Carnival (CCL US +24.1%) and Uber (UBER US +12.6%) the top performers. European stocks closed in the red however (MSCI Europe ex-UK -1.2%) even as the ECB eased a quarter-point. Airlines largely traded in the red as increasing cost pressures against softening fares dampened outlook; Airbus (AIR FP -18.84%) and Lufthansa (LHA GY -12.29%) underperformed.

Fixed income had a sluggish showing with hopes of a Fed put pushed further forward. The lethargy was despite a firming in rates over the month: the US 10-year treasury note closed 4.40% (-10bps) while 10-year bunds closed at 2.50% (-16bps) with the ECB cut providing more tailwind for the latter. The general volatility, coupled with thinning summer liquidity, saw EM and Sub-Saharan Africa FI holdings close 0.5% lower.

Heading into the US elections, we expect bouts of volatility that may provide attractive entry points and we will look to take advantage of such opportunities as they arise. We also retain our view that geopolitics should remain supportive for our exposure to energy. In conclusion, the macro backdrop on the US front looks more supportive for a cut now (July) compared to June which should provide support for risk assets heading into summer.

## MINIMUM INVESTMENT

Share class	
A USD	\$50,000

## FUND CHARACTERISTIC

Credit Rating	BB
Modified Duration	4.16 years
Yield to Worst	10.00%
Fixed Income	25.51%
Equity	75.27%
Cash	3.95%
Repo Instruments	-9.25%
Reverse Repo Instruments	1.40%

## COMPOSITION OF THE FUND

Sectors	% of Total
Energy	35.42
Government	21.91
Consumer, Cyclical	20.51
Financial	6.95
Communications	9.69
Basic Materials	2.00
Consumer, Non-cyclical	4.10
Industrial	1.97
Funds	1.36
Technology	0.00

Country	% of Total
United States	57.81
United Kingdom	10.83
Nigeria	6.99
Egypt	6.29
Germany	4.02
Russian Federation	3.47
France	2.62
Brazil	2.42
Ghana	1.77
Côte d'Ivoire	1.75
Other	5.93

Currency Break-Down	% of Total
USD	64.75
EUR	17.33
GBP	16.20
RUB	1.71

## MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

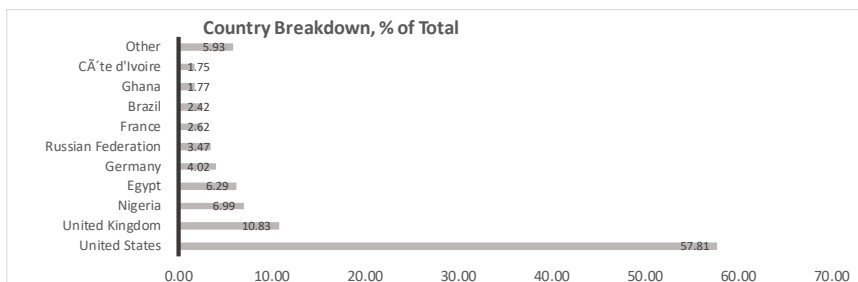
## Sectors, % of Total



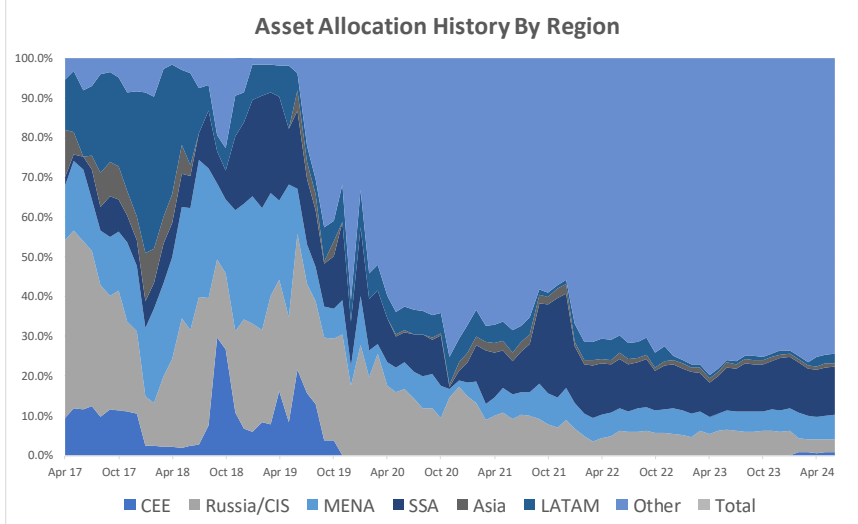
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Top 10 Holdings	% of Total
OXY US	11.47
SHELL NA	9.00
BP/ LN	7.04
CHRD US	6.47
NGERIA 7 3/8 09/28/33	4.38
EGYPT 5.8 09/30/27	3.99
AMZN US	3.37
UAL US	2.78
IAG LN	2.52
EGYPT 3 7/8 02/16/26	2.30



Duration Breakdown	% of Total
Cash	3.95
Repo Instruments	-9.25
Reverse Repo Instruments	1.40
Equity	74.29
0 - 1 years	2.29
1 - 3 years	11.46
3 - 5 years	4.02
5 - 7 years	8.48
7 - 10 years	2.35
10+ years	1.01



Rating Breakdown	% of Total
Cash	3.95
Repo Instruments	-9.25
Reverse Repo Instruments	1.40
AAA	0.00
AA	4.06
A	21.97
BBB	15.19
BB	32.68
B	4.09
CC	12.69
CC	0.00
C	0.00
D	0.00
NR	13.21

	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.7%	0.7%	0.7%	0.7%
Russia/CIS	6.3%	6.0%	6.0%	6.2%	6.1%	5.9%	6.2%	3.6%	3.3%	3.4%	3.4%	3.5%
MENA	4.9%	5.0%	5.1%	5.0%	5.5%	5.6%	5.6%	6.4%	5.9%	5.8%	6.0%	6.1%
SSA	10.7%	12.1%	11.9%	11.8%	12.1%	13.0%	12.9%	12.6%	12.0%	11.8%	12.1%	12.1%
Asia	1.2%	1.2%	1.1%	1.0%	1.1%	1.0%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%
LATAM	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	2.4%	2.4%	2.4%
Other	76.2%	74.8%	75.0%	75.1%	74.3%	73.6%	73.4%	74.8%	76.4%	75.1%	74.5%	74.3%
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

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