

Emerging Markets Bond Fund

Information as at: 31 December 2021

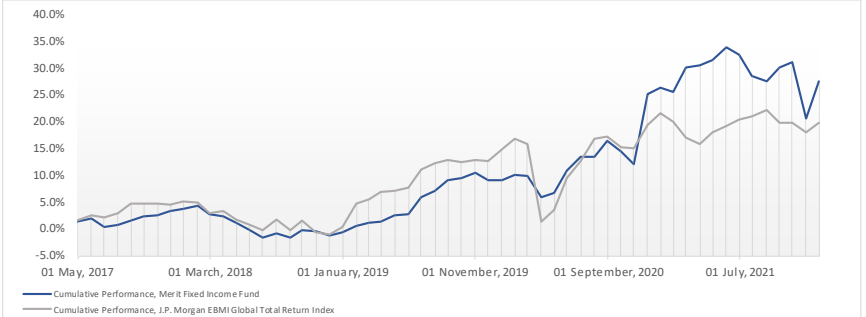
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$53,238,577
A USD class, USD	\$53,238,577
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	5.77%	0.96%	27.51%
J.P. Morgan EMBI Global Total Return Index	1.43%	-1.51%	19.75%

Share Class performance of 5.77% is calculated on a Net Asset Value (NAV) basis, net of fees.

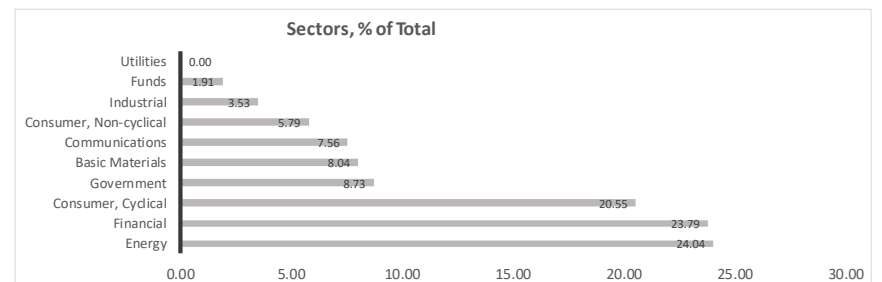
Total gross performance for December 2021 is 5.89%

*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 5.77% for the month of December taking year to date returns to 0.96%. The Dow, where the fund is mostly placed, outperformed other major US indices, bouncing off lows that resulted from the COVID-19 - Omicron variant sell off. The fund's view, as depicted in earlier newsletters, was that the COVID-19 cycle was nearing an end with the pandemic transitioning into an endemic and, thus, that the reopening trade would regain momentum. The opinion of the fund tracked that of major investment houses in that the Omicron would have a positive effect on the markets; As post Covid driven growth slows down, any positive "variant" related news would push markets higher. Additionally, if the Omicron variant is indeed as most scientists depict, a more contagious virus but a simultaneously, milder variant with a lower impact on hospitalizations, then it would serve the purpose of a natural vaccine and back the "pandemic to endemic" transition trade. The positions that were entered opportunistically upon the Omicron variant news and mainly included oil majors, airlines, aircraft makers and entertainment venues performed positively month on month. The fixed income book returned equally well as names held are mostly high-yield, oil linked names in the EM space that are tightly tied to global economic growth.

Looking forward to the next year the fund is well positioned to benefit from an endemic era of COVID. Still risks do remain in the horizon and an element of prudence should be maintained. A vast majority of developing world countries have a high unvaccinated contingent that does not preclude new, more deadly variants from emerging. Moreover, the prevailing Russo-Ukrainian crisis has a negative impact on Russia's relations with the West, particularly those with the US, which in turn sours the investment sentiment of the Emerging Markets space in general. Lastly, the tightening monetary policy stance of global central banks, has a mostly dampening effect on risk as the perception of hawkishness of underlying rhetoric adjusts with incoming economic data.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B-
Modified Duration	-5.56 years
Yield to Worst	10.36%
Fixed Income	34.68%
Equity	69.26%
Cash	12.20%
Repo Instruments	-42.35%
Reverse Repo Instruments	26.20%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	24.04
Financial	23.79
Consumer, Cyclical	20.55
Government	8.73
Basic Materials	8.04
Communications	7.56
Consumer, Non-cyclical	5.79
Industrial	3.53
Funds	1.91
Utilities	0.00

Country	% of Total
United States	34.30
United Kingdom	18.05
Nigeria	17.15
Russian Federation	8.66
Egypt	7.10
Netherlands	5.89
Cyprus	5.78
Ghana	3.28
France	2.76
Angola	2.13
Other	-1.16

Currency Break-Down	% of Total
USD	69.53
EUR	12.94
GBP	14.17
RUB	3.36

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

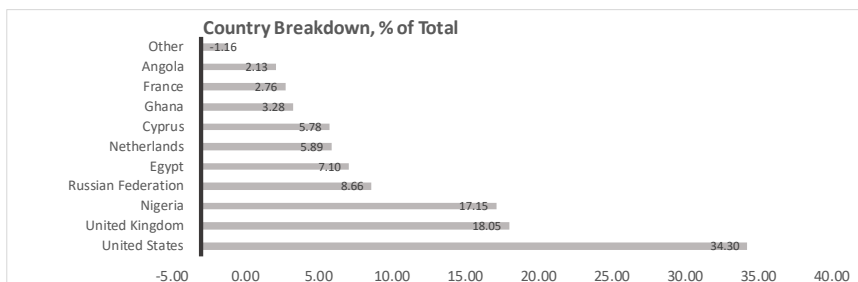
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Top 10 Holdings

% of Total

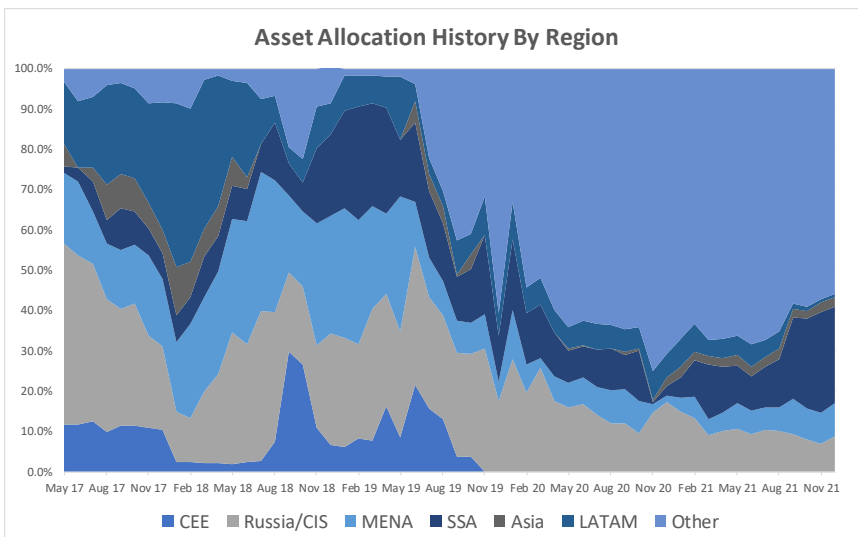
RDSA NA	5.89
BOCYCY 2 1/2 06/24/27	5.78
BP/ LN	5.61
NGERIA 7 3/8 09/28/33	5.49
OXY US	5.07
WLL US	4.65
EGYPT 5.8 09/30/27	4.59
ACCESS 9 1/8 PERP	4.13
IAG LN	2.53
EGYPT 3 7/8 02/16/26	2.51



Duration Breakdown

% of Total

Cash	12.20
Repo Instruments	-42.35
Reverse Repo Instruments	26.20
Equity	69.26
0 - 1 years	1.00
1 - 3 years	5.79
3 - 5 years	25.67
5 - 7 years	4.49
7 - 10 years	13.37
10+ years	-15.64



Rating Breakdown

% of Total

Cash	12.20
Repo Instruments	-42.35
Reverse Repo Instruments	26.20
AAA	-16.06
AA	2.46
A	21.46
BBB	15.74
BB	16.94
B	42.09
CCC	1.82
CC	0.00
C	0.00
D	0.04
NR	19.45

	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21
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	14.9%	13.3%	9.0%	10.1%	10.7%	9.2%	10.4%	10.1%	9.2%	8.0%	7.0%	8.9%
MENA	3.4%	5.4%	4.0%	4.5%	6.3%	6.1%	5.6%	5.8%	8.9%	7.7%	7.8%	8.0%
SSA	5.3%	9.0%	13.6%	11.4%	9.5%	8.4%	10.2%	12.2%	20.1%	22.3%	24.9%	23.9%
Asia	2.5%	2.2%	2.1%	2.3%	2.5%	2.3%	2.4%	2.5%	2.3%	2.0%	2.4%	2.4%
LATAM	7.0%	6.8%	4.1%	4.6%	4.8%	5.6%	4.1%	4.3%	1.4%	1.2%	0.9%	0.9%
Other	67.0%	63.4%	67.2%	67.1%	66.2%	68.4%	67.4%	65.1%	58.1%	58.9%	57.1%	55.8%
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 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.

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