

# Emerging Markets Bond Fund

Information as at: 31 January 2020

## KEY FACTS

Asset Class  
Category  
  
Investment manager  
Total Fund Assets, USD  
A USD class, USD  
Fund Inception Date  
Strategy Inception Date

Fixed Income  
Global Emerging Markets  
bond  
  
MeritKapital  
\$41,736,612  
\$41,736,612  
01/09/2016  
01/04/2017

## Performance Benchmark

ISIN  
Fund Domicile  
Fund Type  
Bloomberg Ticker  
Base currency  
Management fee  
Performance fee  
Hurdle rate  
Liquidity

J.P. Morgan EMBI Global  
Total Return Index  
CYF000000200  
Cyprus  
AIF-LNP  
MERFXPT CY  
USD  
0.75%  
15%  
3%  
Monthly

## MINIMUM INVESTMENT

Share class  
A USD

\$50,000

## FUND CHARACTERISTIC

Credit Rating  
Modified Duration  
Yield to Worst  
Cash  
Repo Instruments  
Reverse Repo Instruments

BBB-  
4.25 years  
3.04%  
43.56%  
-7.95%  
1.86%

## COMPOSITION OF THE FUND

Sectors	% of Total
Government	38.70
Financial	8.50
Basic Materials	6.92
Industrial	5.00
Energy	1.21
Consumer, Non-cyclical	1.11
Communications	1.08
Utilities	0.00
Consumer, Cyclical	0.00

Country	% of Total
Russian Federation	16.24
United States	8.00
Italy	7.27
Greece	5.52
Nigeria	4.97
South Africa	3.33
Bahrain	3.33
Saudi Arabia	3.28
Mexico	2.35
Brazil	2.30
Other	5.93

Currency Break-Down	% of Total
USD	94.41
EUR	5.64
GBP	-0.05

## MANAGEMENT TEAM

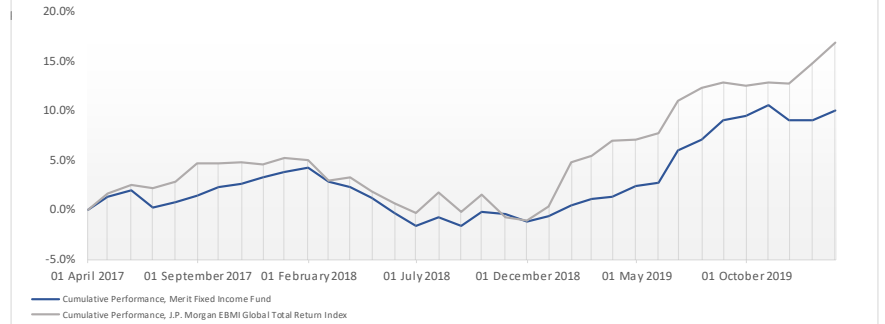
Portfolio Manager  
Investment Advisor

MeritKapital Ltd  
Persella Ioannides

## INVESTMENT OBJECTIVE

Merit Fixed Income Fund 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	0.88%	0.88%	10.03%
J.P. Morgan EMBI Global Total Return Index	1.74%	1.74%	16.83%

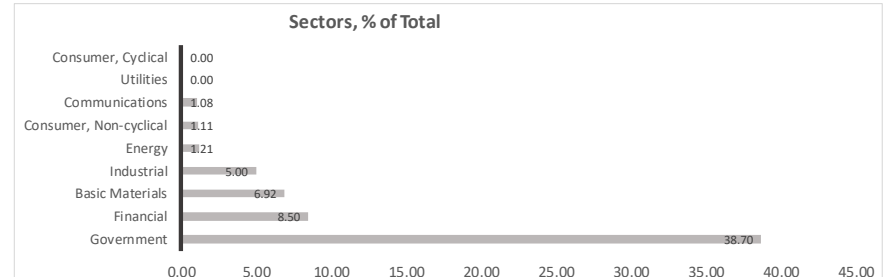
Share Class performance of 0.88% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for January 2020 is 1.05%

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

## FUND COMMENTS

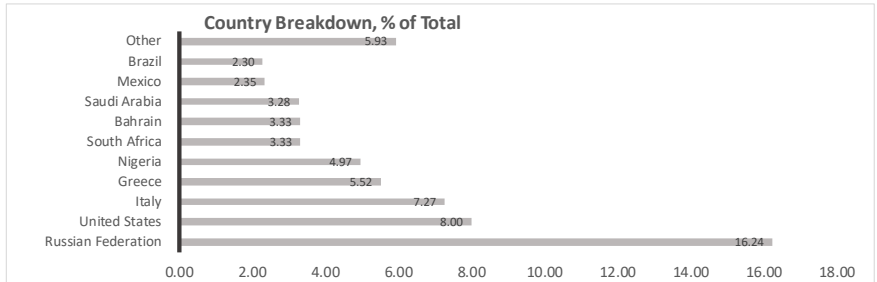
The month of January was an eventful start of the year, primarily with the Iran crisis and later with the much-publicized coronavirus. The fund performed 0.88% net of fees for the month although its investments remained light on the back of its positionings on treasuries and some new positions it undertook both in the primary and the secondary market. Although the consensus outlook towards the end of last year and the beginning of this year was that of a recovery in global growth, the view has been blurred on the uncertainty of the coronavirus. US Fed Chairman Jerome Powell has confirmed the strength of the US Economy and noted that the effects of the coronavirus are yet unclear but are closely monitored. Meanwhile the central banks of New Zealand and Australia both kept rates on hold at their last policy meeting while their rhetoric was sanguine on medium to long term impact on growth from the virus; the underlying commentary is important as the two economies are closely linked to China. Shifting to other asset classes, commodities and particularly oil has been a major loser of the virus outbreak as China accounts for a large share of global commodities demand. Eyes are on Russia's review of OPEC's recommendation of production cuts of 600bpd. To summarize, although the risk of the coronavirus impeding global growth is too early to gage, most analysts see a more significant negative impact in-Q1 and a subsequent recovery in Q2. As key macro indicators of the impact of the virus are published in February and March the economic outlook should then become clearer. Notable additions in the fund are the new Greece govt 15year debt (€), the new Ukrainian govt 10year (€) and an addition in the Brazilian credit "BRF Foods and Beverages" which has benefited from the swine flu in China.



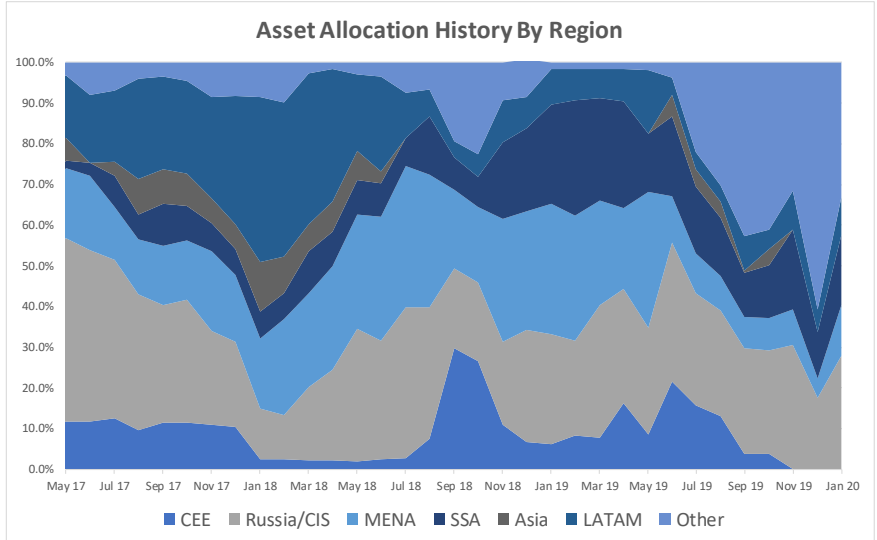
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Top 10 Holdings	% of Total
BTPS 2.15 12/15/21	7.27
GGB 1 7/8 02/04/35	5.52
RUSSIA 5 04/29/20	4.39
T 2 3/8 05/15/29	4.10
T 2 7/8 05/15/49	3.90
BHRAIN 5 1/2 03/31/20	3.33
TRUBRU 6 3/4 04/03/20	2.89
CREAL 5 02/01/27	2.35
FIDBAN 10 1/2 10/16/22	2.25
NGERIA 6 3/4 01/28/21	2.25



Duration Breakdown	% of Total
Cash	43.56
Repo Instruments	-7.95
Reverse Repo Instruments	1.86
0 - 1 years	20.21
1 - 3 years	17.45
3 - 5 years	5.03
5 - 7 years	3.74
7 - 10 years	8.27
10+ years	7.83



Rating Breakdown	% of Total
Cash	43.56
Repo Instruments	-7.95
Reverse Repo Instruments	1.86
AAA	8.00
AA	0.49
A	3.25
BBB	19.47
BB	5.69
B	25.53
CCC	0.00
CC	0.00
C	0.00
D	0.09
NR	0.00

	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20
CEE	8.3%	7.9%	16.2%	8.5%	21.5%	15.8%	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%
Russia/CIS	23.4%	32.4%	28.1%	26.4%	34.2%	27.5%	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%
MENA	30.7%	25.8%	19.8%	33.4%	11.3%	9.9%	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%
SSA	28.3%	25.3%	26.4%	14.1%	19.8%	16.4%	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%
Asia	0.0%	0.0%	0.0%	0.0%	5.3%	4.2%	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%
LATAM	7.7%	7.2%	7.8%	15.8%	4.2%	4.0%	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%
Other	1.6%	1.5%	1.8%	1.8%	3.7%	22.2%	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%
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 Fixed Income Fund 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 past 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 or 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's 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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