

Emerging Markets Bond Fund

Information as at: 28 February 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
\$41,652,941
\$41,652,941
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+
2.44 years
2.57%
4.29%
-8.75%
1.19%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	71.08
Financial	13.73
Basic Materials	7.39
Industrial	6.89
Energy	1.33
Consumer, Non-cyclical	1.19
Communications	1.18
Utilities	0.47
Consumer, Cyclical	0.00

Country	% of Total
United States	41.13
Russian Federation	19.09
Nigeria	9.70
Italy	7.78
Greece	7.06
South Africa	3.62
Bahrain	3.60
Brazil	2.85
Saudi Arabia	2.84
Mexico	2.46
Other	3.15

Currency Break-Down	% of Total
USD	99.88
EUR	0.12
GBP	0.00

MANAGEMENT TEAM

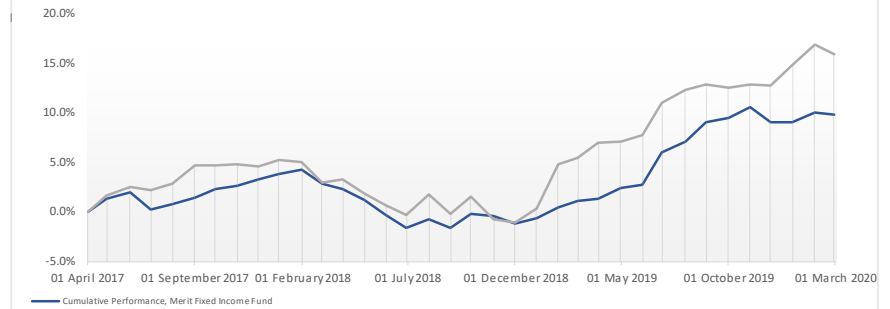
Portfolio Manager
Investment Advisor

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	-0.20%	0.68%	9.81%
J.P. Morgan EMBI Global Total Return Index	-0.81%	-0.81%	15.88%

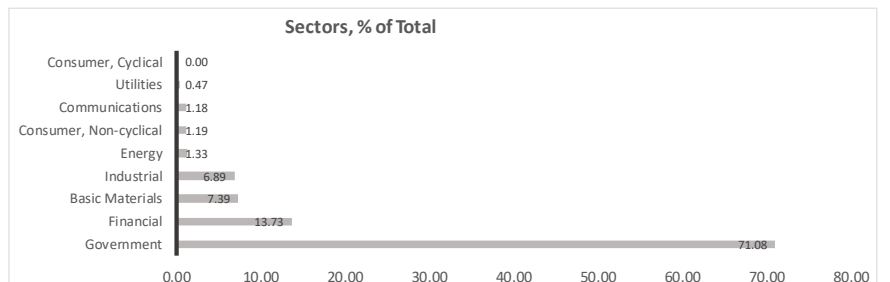
Share Class performance of -0.20% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for February 2020 is -0.08%

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FUND COMMENTS

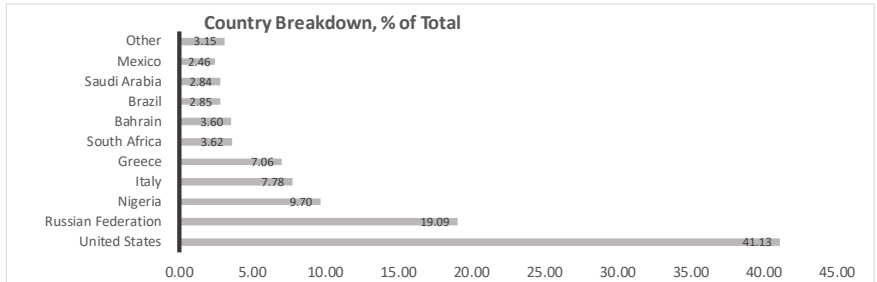
February saw the beginning of the correction phase in global markets as the coronavirus had spread outside China with clusters of infections evidenced in South Korea in Asia and in Italy in Europe. Global investors came to the realization that the respiratory epidemic that strangled supply chains in China has the risk of becoming a pandemic. As such, risk assets began to correct, and the panic of investors was evident in the surge of treasury prices which had reached record yields (10-year treasuries end of yield price at 1.152% versus 1.8% at the start of year). The equity indices traded lower with the SPX index returning (-8%), the Nasdaq (-6%), the Dow (-10%) month on month. The fund was down -0.20% versus the benchmark index return of -0.81%. The fund stayed predominantly in safe haven and short dated securities given that the team's perception that the market in December and January had rallied considerably and it seemed overpriced. January and February in particular, continued to rally despite the lingering risks of the coronavirus. The fund is 78.3% in short dated securities (less than 3 years) and 41.3% in safe havens (US treasuries). Capped duration keeps portfolio returns in check in times of volatile markets.



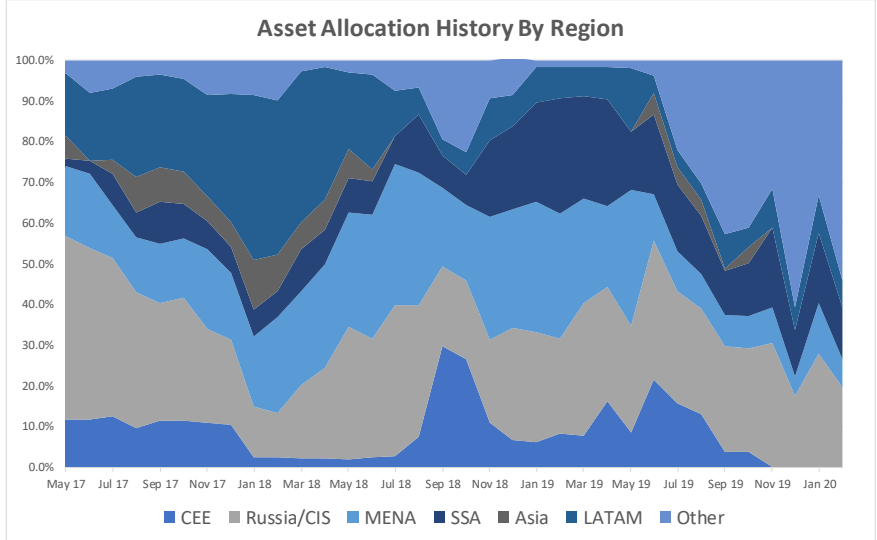
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Top 10 Holdings	% of Total
B 03/26/20	36.56
BTPS 2.15 12/15/21	7.78
GGB 1 7/8 02/04/35	5.89
RUSSIA 5 04/29/20	4.78
TRUBRU 4.3 02/12/27	4.60
T 2 3/8 05/15/29	4.57
ACCESS 10 1/2 10/19/21	4.31
BHRAIN 5 1/2 03/31/20	3.60
CREAL 5 02/01/27	2.46
FIDBAN 10 1/2 10/16/22	2.45



Duration Breakdown	% of Total
Cash	4.29
Repo Instruments	-8.75
Reverse Repo Instruments	1.19
0 - 1 years	54.04
1 - 3 years	24.26
3 - 5 years	6.22
5 - 7 years	4.60
7 - 10 years	8.16
10+ years	5.98



Rating Breakdown	% of Total
Cash	4.29
Repo Instruments	-8.75
Reverse Repo Instruments	1.19
AAA	41.13
AA	0.67
A	1.15
BBB	21.48
BB	11.19
B	23.95
CCC	1.17
CC	0.00
C	0.00
D	0.12
NR	2.40

	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20
CEE	7.9%	16.2%	8.5%	21.5%	15.8%	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	32.4%	28.1%	26.4%	34.2%	27.5%	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%	19.7%
MENA	25.8%	19.8%	33.4%	11.3%	9.9%	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%	6.8%
SSA	25.3%	26.4%	14.1%	19.8%	16.4%	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%	12.9%
Asia	0.0%	0.0%	0.0%	5.3%	4.2%	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%	0.0%
LATAM	7.2%	7.8%	15.8%	4.2%	4.0%	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%	6.4%
Other	1.5%	1.8%	1.8%	3.7%	22.2%	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%	54.2%
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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