

# Emerging Markets Bond Fund

Information as at: 31 March 2021

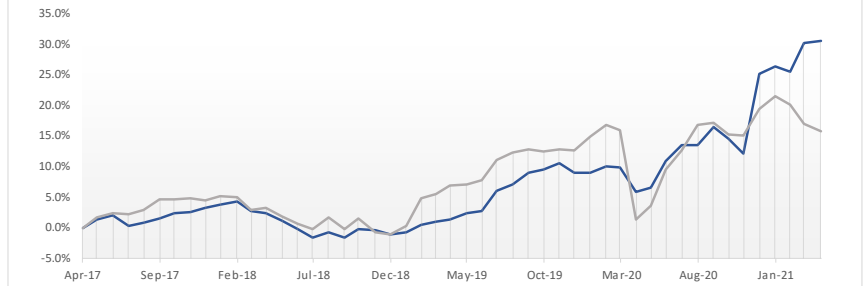
## KEY FACTS

|                         |  |
|-------------------------|--|
| Asset Class             | Fixed Income                               |
| Category                | Global Emerging Markets bond               |
| Investment manager      | MeritKapital                               |
| Total Fund Assets, USD  | \$48,835,562                               |
| A USD class, USD        | \$48,835,562                               |
| Fund Inception Date     | 9/1/2016                                   |
| Strategy Inception Date | 4/1/2017                                   |
| Performance Benchmark   | J.P. Morgan EMBI Global Total Return Index |
| ISIN                    | CYF00000200                                |
| 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 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 | 0.18%  | 3.30%  | 30.47% |
| J.P. Morgan EMBI Global Total Return Index    | -1.04% | -4.75% | 15.82% |

Share Class performance of 0.18% is calculated on a Net Asset Value (NAV) basis, net of fees.

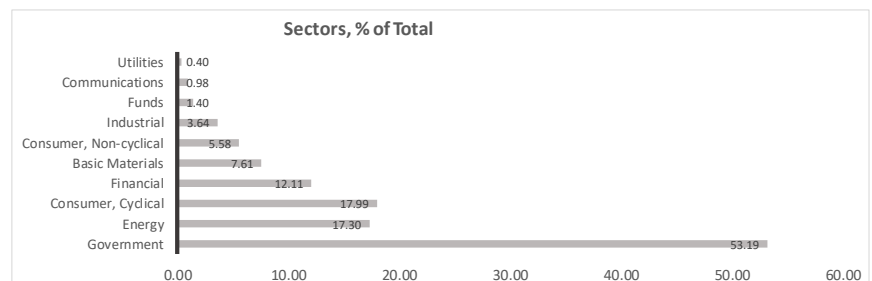
Total gross performance for March 2021 is 0.11%

\*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 +0.18% for the month of March as the inflation theme took center change with the US treasury curve steepening significantly in effect. Ten-year treasury yields finished the month at 1.735% which triggered numerous analysts to revise their quarterly and year end targets higher. In response to the rising yields, US Fed Chairman Powell, reiterated that inflation risks are transitory, and that the monetary policy would remain accommodative as job reports need to show consecutive monthly strength to ascertain the economic recovery. Simultaneously, various US Fed policy makers stated that rising yields are a sign of a brighter economic outlook and the market interpreted this as a sign that the Fed will stay behind the curve which maintained the curve steepening momentum. The markets were volatile both on the equity side and especially on the fixed income side where we saw a decent widening of spreads. The Nasdaq was especially volatile which affected the rest of the main equity indices although all ended the month flat to higher.

The financial services equity positions of the fund closed the month higher because of the steepening US core rates trade and the durable stocks such as pharma held up well. On the fixed income side, the short-dated bonds that trade at tight spreads to core rates are stable while the longer dated perform poorly while the higher yielding paper, especially commodity linked is a suitable asset class for this environment. The fund is well positioned for the latter and it looks to add hedges or reduce positions in the former.



## MINIMUM INVESTMENT

|             |          |
|-------------|----------|
| Share class |          |
| A USD       | \$50,000 |

## FUND CHARACTERISTIC

|                          |             |
|--------------------------|-------------|
| Credit Rating            | BB          |
| Modified Duration        | 10.96 years |
| Yield to Worst           | 3.92%       |
| Fixed Income             | 70.19%      |
| Equity                   | 50.01%      |
| Cash                     | 6.90%       |
| Repo Instruments         | -37.28%     |
| Reverse Repo Instruments | 10.18%      |

## COMPOSITION OF THE FUND

| Sectors                | % of Total |
|------------------------|------------|
| Government             | 53.19      |
| Energy                 | 17.30      |
| Consumer, Cyclical     | 17.99      |
| Financial              | 12.11      |
| Basic Materials        | 7.61       |
| Consumer, Non-cyclical | 5.58       |
| Industrial             | 3.64       |
| Funds                  | 1.40       |
| Communications         | 0.98       |
| Utilities              | 0.40       |

| Country            | % of Total |
|--------------------|------------|
| United States      | 28.73      |
| United Kingdom     | 12.43      |
| Italy              | 10.54      |
| Russian Federation | 9.79       |
| Greece             | 8.61       |
| Germany            | 5.81       |
| Nigeria            | 5.10       |
| Ghana              | 4.70       |
| Netherlands        | 4.54       |
| Brazil             | 4.32       |
| Other              | 25.63      |

| Currency Break-Down | % of Total |
|---------------------|------------|
| USD                 | 79.20      |
| EUR                 | 10.82      |
| GBP                 | 10.22      |
| RUB                 | -0.24      |

## MANAGEMENT TEAM

|                    |                    |
|--------------------|--------------------|
| Portfolio Manager  | MeritKapital Ltd   |
| Investment Advisor | Persella Ioannides |

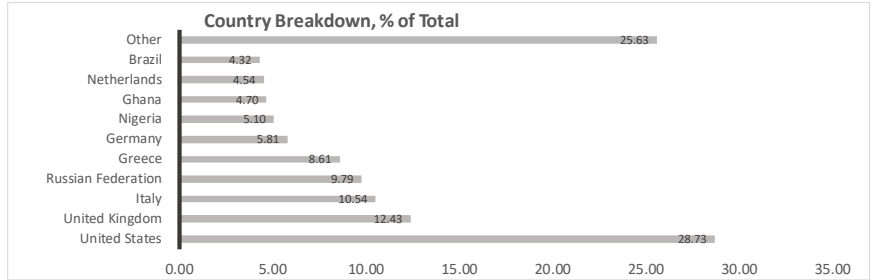
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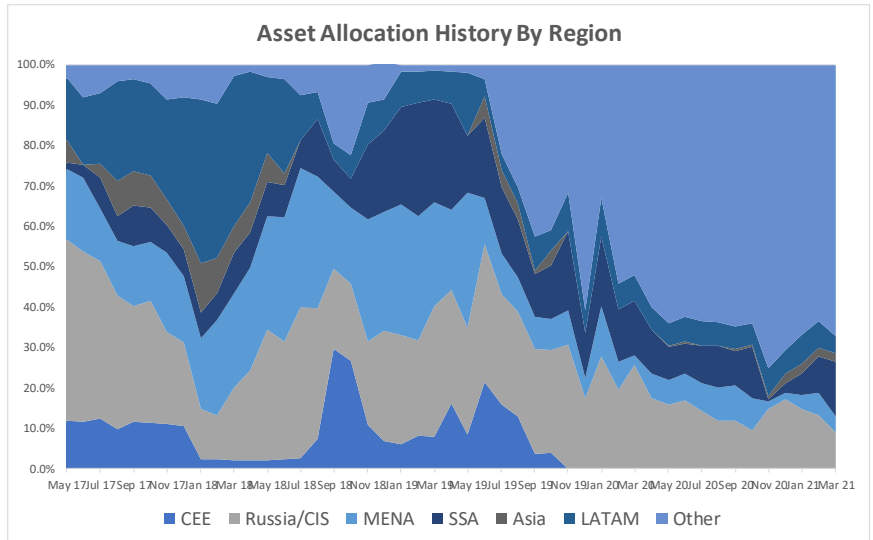
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| Top 10 Holdings       | % of Total |
|-----------------------|------------|
| BTPS 1.7 09/01/51     | 9.41       |
| GGB 1 7/8 02/04/35    | 5.75       |
| RDSA NA               | 4.54       |
| SPGB 1.45 10/31/71    | 4.31       |
| RWANDA 6 5/8 05/02/23 | 4.27       |
| BP/ LN                | 4.19       |
| T 2 3/8 05/15/29      | 3.72       |
| OXY US                | 3.26       |
| EU 0 07/04/35         | 3.05       |
| GGB 2 04/22/27        | 2.86       |



| Duration Breakdown       | % of Total |
|--------------------------|------------|
| Cash                     | 6.90       |
| Repo Instruments         | -37.28     |
| Reverse Repo Instruments | 10.18      |
| Equity                   | 50.01      |
| 0 - 1 years              | 2.10       |
| 1 - 3 years              | 8.51       |
| 3 - 5 years              | 10.06      |
| 5 - 7 years              | 6.02       |
| 7 - 10 years             | 16.62      |
| 10+ years                | 26.89      |



| Rating Breakdown         | % of Total |
|--------------------------|------------|
| Cash                     | 6.90       |
| Repo Instruments         | -37.28     |
| Reverse Repo Instruments | 10.18      |
| AAA                      | 3.72       |
| AA                       | 4.74       |
| A                        | 13.73      |
| BBB                      | 27.83      |
| BB                       | 26.32      |
| B                        | 28.59      |
| CCC                      | 2.23       |
| CC                       | 0.00       |
| C                        | 0.00       |
| D                        | 0.04       |
| NR                       | 13.00      |

|            | Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 | Feb 21 | Mar 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 | 17.6%  | 15.9%  | 16.8%  | 14.2%  | 11.9%  | 12.0%  | 9.6%   | 14.7%  | 17.2%  | 14.9%  | 13.3%  | 9.0%   |
| MENA       | 6.1%   | 6.2%   | 6.7%   | 6.9%   | 8.2%   | 8.6%   | 7.9%   | 2.1%   | 1.7%   | 3.4%   | 5.4%   | 4.0%   |
| SSA        | 10.9%  | 8.0%   | 7.5%   | 9.4%   | 10.4%  | 8.6%   | 12.7%  | 0.4%   | 2.4%   | 5.3%   | 9.0%   | 13.6%  |
| Asia       | 0.0%   | 0.5%   | 0.4%   | 0.0%   | 0.0%   | 0.6%   | 0.5%   | 0.7%   | 2.2%   | 2.5%   | 2.2%   | 2.1%   |
| LATAM      | 5.6%   | 5.5%   | 6.0%   | 6.1%   | 5.9%   | 5.6%   | 5.3%   | 7.0%   | 5.9%   | 7.0%   | 6.8%   | 4.1%   |
| Other      | 59.9%  | 64.0%  | 62.5%  | 63.4%  | 63.6%  | 64.7%  | 64.0%  | 75.1%  | 70.7%  | 67.0%  | 63.4%  | 67.2%  |
| 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

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