

# Emerging Markets Bond Fund

Information as at: 30 April 2020

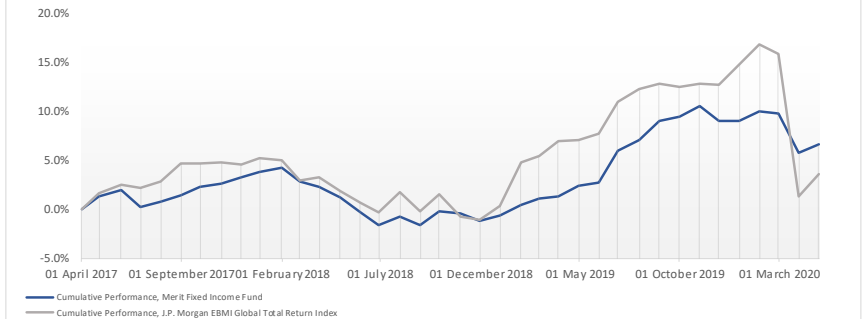
## KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$40,453,279
A USD class, USD	\$40,453,279
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
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	0.77%	-2.21%	6.65%
J.P. Morgan EMBI Global Total Return Index	2.20%	-11.36%	3.56%

Share Class performance of 0.77% is calculated on a Net Asset Value (NAV) basis, net of fees.

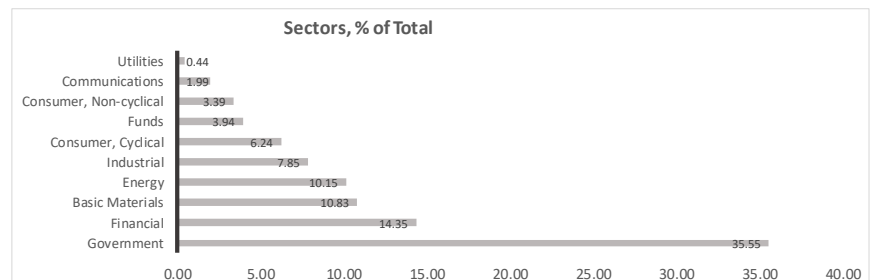
Total gross performance for April 2020 is 0.88%

\*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 April marked a strong rebound for the financial markets and specifically for the stock markets. The US and European indices observed an average 10% bounce Month on Month (MoM) mostly on the back of the stimuli provided by the US Fed and other global central banks which act as a support level for equities. Moreover, analysts believe investors are already discounting the economic damage COVID-19 caused in the year 2020 and are forward looking towards a sharp recovery which will be reflected in companies' earnings only in the year 2021. Of course, more bearish market experts are sceptical on the current equity market rally and observe it more as a bear market rally. Although the virus infection rates are slowing down in most continents including those of Europe, Asia, Australia and the US there remains a high risk that COVID-19 may return in its next life-cycle and inflict another detrimental blow to the global economy as recurring lock-downs push government finances further in debt. Moreover, as the finances of highly levered companies are heavily strained on slumping revenues and as the oil downturn impacts the viability of commodity dependent sovereign budgets and companies' cash flows alike, the shape of the global economic rebound may look more like a dragged "U-shaped" than "V-shaped".

The fund recorded a positive performance of 0.77% for the month versus the benchmark return of 2.20%. The predominant trigger of the positive upturn is the most recent equity investment whilst the fixed income allocation has proven to be less resilient although the underlying correction was also shallower. Subject to a continuing pickup in economic activity and a successful containment of the virus, emerging market and European peripheral debt spreads should also tighten and that portfolio segment should also pick up in time.



## MINIMUM INVESTMENT

Share class	
A USD	\$50,000

## FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	5.99 years
Yield to Worst	5.08%
Fixed Income	65.96%
Equity	28.76%
Cash	5.90%
Repo Instruments	-2.36%
Reverse Repo Instruments	1.74%

## COMPOSITION OF THE FUND

Sectors	% of Total
Government	35.55
Financial	14.35
Basic Materials	10.83
Energy	10.15
Industrial	7.85
Consumer, Cyclical	6.24
Funds	3.94
Consumer, Non-cyclical	3.39
Communications	1.99
Utilities	0.44

Country	% of Total
Russian Federation	15.61
United States	15.06
Greece	9.57
Italy	9.00
Nigeria	8.12
United Kingdom	7.30
Saudi Arabia	5.74
Germany	5.16
Netherlands	4.70
Cyprus	4.48
Other	9.98

Currency Break-Down	% of Total
USD	85.01
EUR	8.27
GBP	6.72

## MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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## Top 10 Holdings

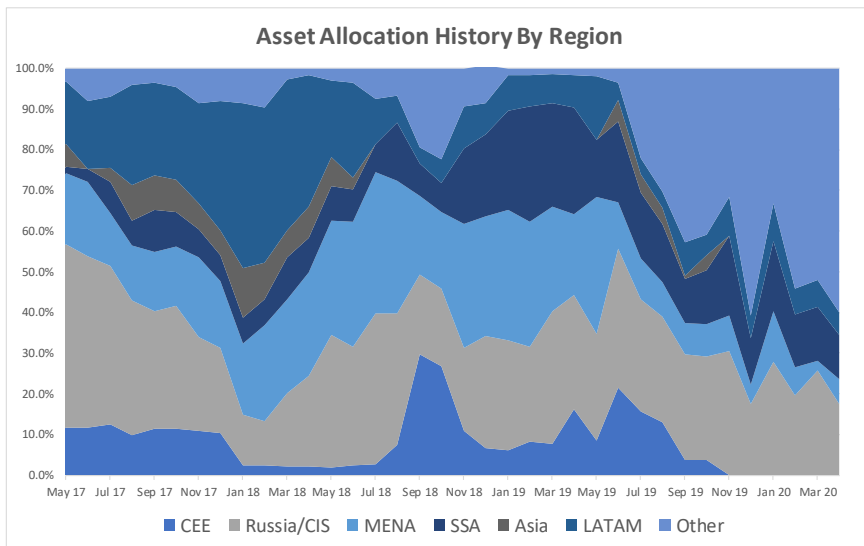
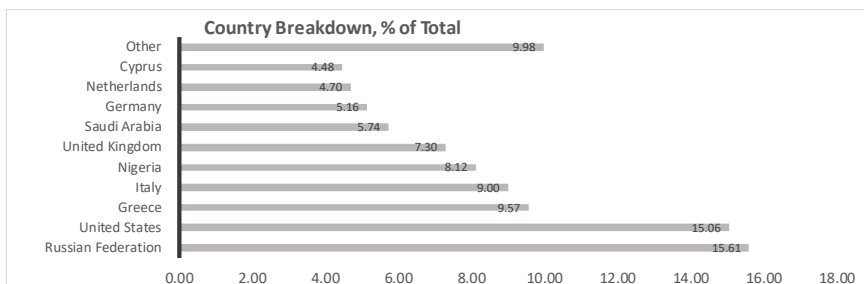
	% of Total
BTPS 2.15 12/15/21	7.83
GGB 1 7/8 02/04/35	5.74
T 2 3/8 05/15/29	4.89
RDSA NA	4.70
TRUBRU 4.3 02/12/27	4.56
CYPRUS 1 1/4 01/21/40	4.48
BP/ LN	4.18
ACCESS 10 1/2 10/19/21	3.78
ISF LN	3.12
GGB 2 04/22/27	2.88

## Duration Breakdown

	% of Total
Cash	5.90
Repo Instruments	-2.36
Reverse Repo Instruments	1.74
Equity	28.76
0 - 1 years	6.65
1 - 3 years	20.03
3 - 5 years	6.62
5 - 7 years	11.58
7 - 10 years	8.47
10+ years	12.62

## Rating Breakdown

	% of Total
Cash	5.90
Repo Instruments	-2.36
Reverse Repo Instruments	1.74
AAA	4.89
AA	5.62
A	12.60
BBB	26.42
BB	19.04
B	20.84
CCC	0.95
CC	0.00
C	0.00
D	0.06
NR	4.30



	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20
CEE	8.5%	21.5%	15.8%	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	26.4%	34.2%	27.5%	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%	19.7%	25.7%	17.6%
MENA	33.4%	11.3%	9.9%	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%	6.8%	2.4%	6.1%
SSA	14.1%	19.8%	16.4%	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%	12.9%	13.4%	10.9%
Asia	0.0%	5.3%	4.2%	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LATAM	15.8%	4.2%	4.0%	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%	6.4%	6.6%	5.6%
Other	1.8%	3.7%	22.2%	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%	54.2%	51.9%	59.9%
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%

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